Annual Comprehensive Financial Report
For the Fiscal Years Ended
September 30, 2025 and 2024

PORT FREEPORT[SM]
1100 Cherry St., Freeport, TX 77541
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www.portfreeport.com

Port Freeport
Freeport, Texas

Annual Comprehensive Financial Report
For the Fiscal Years Ended
September 30, 2025 and 2024

Prepared by:

Rob Lowe
Chief Financial Officer

Amy O'Brien
Controller

PORT FREEPORT
Freeport, Texas

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Fiscal Years Ended September 30, 2025 and 2024

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Freeport, Texas

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Port Freeport
Texas

For its Annual Comprehensive Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morrill

Executive Director/CEO

PORT FREEPORT
Strategic Initiatives

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

Freeport Harbor Channel Improvement Project

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

Expansion of Velasco Container Terminal

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

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

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

Supporting Development of Inland Transportation Infrastructure

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

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STATE OF THE PORT

January 15, 2026

MEMBERS OF THE PORT COMMISSION
PORT FREEPORT
FREEPORT, TEXAS

Re: **A Century of Progress Advancing the Next Era of Opportunity**

Ladies and Gentlemen,

As Port Freeport concludes its centennial year, we are reminded that meaningful progress is built by many hands across generations. The Freeport Harbor Channel has been modernized, strategic facility investments have been made, cargo has diversified, vessel calls have increased, our partnerships with industry, labor, and government have strengthened, and our communities have prospered. These achievements reflect the collaboration and shared belief in the essential role Port Freeport plays across Texas and the nation.

The year 2025 was filled with gratitude for the vision that established Port Freeport 100 years ago with a focus on the responsibility and opportunities ahead. For the first time in our 100-year history, Port Freeport began fiscal year 2025 operating entirely as a self-reliant entity with no tax assessment and will remain a zero-tax Port through disciplined financial stewardship and strategic planning. Port Freeport is well positioned for ongoing growth, resilience, and competitiveness in the decades to come.

In 2025, Port Freeport demonstrated strong operational performance across its diverse portfolio. The port recorded 1,305 vessel calls, reflecting steady global demand and the strength of our customer base. Throughout the year, Port Freeport handled 198,475 vehicles, highlighting its importance as a key gateway for automotive trade. Container activity remained a significant driver of growth with 93,990 containers handled, totaling 187,920 twenty-foot equivalent units. Additionally, rail operations reached new levels of activity, handling 12,510 railcars, further emphasizing the significance of Port Freeport's multimodal capabilities. These results highlight the Port's long-term investments and the continued trust of our tenants and partners. A significant milestone in 2025 was the substantial completion of the Freeport Harbor Channel Improvement Project. This $295 million initiative represents one of the largest infrastructure investments in Port Freeport's history, backed by $207 million in federal funding. The project involved years of planning, coordination, and collaboration among local and federal partners. The remaining work is expected to be finished in the second quarter of 2026 making Port Freeport the deepest port on the Gulf Coast with authorized depths between 51 and 56 feet. This enhancement will improve navigational efficiency and safety, allowing the port to accommodate larger, modern vessels and support long-term growth in global trade.

In recent years, Port Freeport has invested approximately $250 million in infrastructure improvements at and around the Velasco Container Terminal to support expanded operations and enhance long-term capacity. These enhancements included the construction of Berth 8, which features a 927-foot dock extension and an 85-foot roll-on/roll-off platform. Projects completed this year that have enhanced access to the container terminal and operation efficiency included upgrades to container storage areas, a new security gate, and roadway access improvements.

In September 2025, Port Freeport achieved a significant milestone with the delivery of two Super Post-Panamax ship-to-shore gantry cranes. These cranes improve the port's container handling capabilities and reflect a strategic commitment to long-term competitiveness. Ongoing improvements to landside operations and the expansion of port facilities, including the introduction of the first cross-dock facility, support increased operations and provide essential infrastructure for both current and future tenants.

Port Freeport's growth is propelled by a diverse range of industries and strong, long-term partnerships. The automotive sector has expanded, with ongoing activities related to Amports and the Volkswagen Group of America continuing to expand at the port. In the fresh produce sector, the growing operations of the three major fresh fruit importers, Chiquita Brands International, Dole Fresh Fruit, and Fresh Del Monte Produce, have further established Port Freeport as a key Gulf Coast gateway for perishable cargo. Meanwhile, energy, manufacturing, steel and agricultural exports remain essential elements of the port's overall cargo mix, providing stability and resilience in a dynamic global market.

As the port has expanded, its commitment to sustainability and community engagement has also increased. Throughout 2025, Port Freeport continued to implement initiatives focused on environmental stewardship, operational responsibility, and workforce development. The Port Commission's Environmental, Social, Governance, and Sustainability Committee played a crucial role in guiding these efforts, ensuring that growth is balanced with accountability.

Community engagement has always been a fundamental part of Port Freeport's mission. The port recently hosted the 25th annual Take-A-Child Fishing Tournament, attracting hundreds of young anglers and their families for a day dedicated to inclusion and opportunity. Additionally, the annual Port Freeport Golf Tournament continued to support the Texas Port Ministry, which provides care and services to seafarers, truck drivers, and port workers who are essential to global commerce. These initiatives demonstrate the port's belief that economic success and community impact are closely intertwined.

The centennial year provided an opportunity to reflect on a pivotal decision made by Brazoria County voters on December 4, 1925, which established the Brazos River Harbor Navigation District. This decision laid the foundation for what Port Freeport has become today: a modern, deepwater port that serves regional, state, national, and global markets. As we close this historic chapter, we express our gratitude for the leadership, partnerships, and public trust that have guided the port over the past 100 years.

Looking ahead, Port Freeport enters its next century with momentum and purpose. The investments we have completed and those currently underway, along with our strong financial position and the dedication of our employees and partners, position the port to continue delivering opportunities, economic impact, and service to the community.

On behalf of the Port Freeport team, I would like to extend my sincere appreciation to the Port Commission for its leadership and guidance, as well as to our tenants, customers, and community partners for their ongoing support. We look forward to building on a century of progress as we confidently advance into the next 100 years of Port Freeport.

With sincere appreciation,

Phyllis Saathoff, CPA, PPM®
Executive Director/CEO

PORT FREEPORT

Directory of Officials

Port Commission

Rob Giesecke
Chairman

Rudy Santos
Vice Chairman

Kim Kincannon
Secretary

Dan Croft
Assistant Secretary

Barbara Fratila
Commissioner

Ravi Singhania
Commissioner

Directory of Officials

Executive Staff

Phyllis Saathoff
Executive Director/CEO

Rob Lowe
Chief Financial Officer

Jason Hull
Director of Engineering

Jesse Hibbetts
Director of Operations

Jason Miura
Director of Business and Economic Development

Chris Hogan
Director of Protective Services

Brandon Robertson
Director of Information Technology

Amy O’Brien
Controller

Amanda Veliz
Public Affairs Manager

Missy Bevers
Executive Assistant

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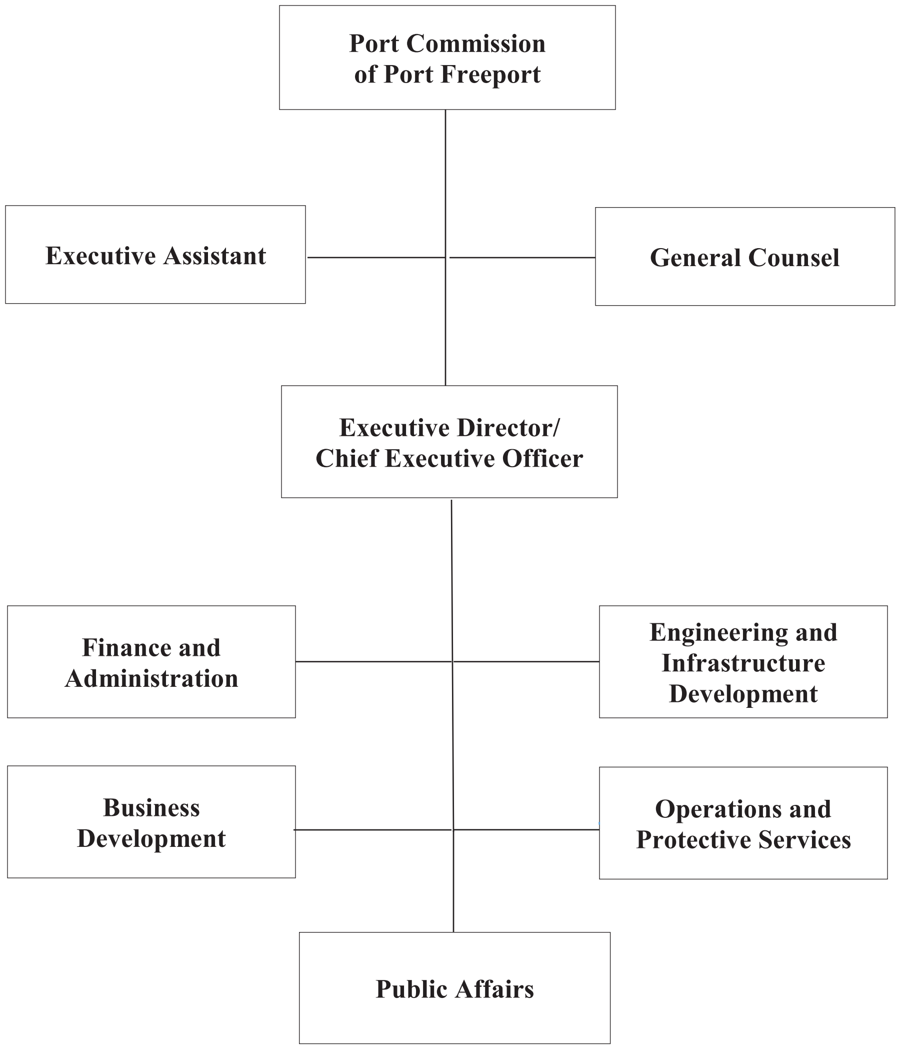
Organizational Chart



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LETTER OF TRANSMITTAL

January 26, 2026

COMMISSIONERS AND CITIZENS OF PORT FREEPORT
PORT FREEPORT
FREEPORT, TEXAS

The Annual Comprehensive Financial Report for Port Freeport (Port) for the year ended September 30, 2025, is hereby submitted for your review. Responsibility for both the accuracy of the information contained herein and the completeness and fairness of the presentation, including all disclosures, rests with the administration of the Port. To the best of our knowledge and belief, the enclosed data is accurate in all material aspects and is reported in a manner designed to fairly present the financial position and results of operations of the Port. All disclosures necessary to enable the reader to gain an understanding of the Port's financial activities have been included.

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

GENERAL

Brazoria County is one of Texas' most fertile agricultural areas, one of the region's more prolific fuel and mineral areas, and in recent decades, the location of one of the world's largest chemical manufacturing complexes. The primary economic bases of the county include chemical manufacturing, petroleum and natural gas processing, offshore production maintenance services, diversified manufacturing, biochemical, electronic industries, and agriculture. In addition, the area's deep-water channel and port facilities, sport fishing services and tourism are major components of the county's economic base. Since 2004, the northern portion of the county has seen extensive residential, retail and healthcare development with no evidence of slowing in the near term. There has been in excess of $ 31 billion in industrial developments in Brazoria County since 2013. The Brazoria County Index of Leading Economic indicators decreased .24 percent from September 2024 to September 2025. The Leading Economic Index is designed to forecast the economic performance of the county over the next three to six months. The index had fallen below the six-month moving average for four consecutive months but reversed course and exceeded the moving average in August and September. A sustained period in which the leading index consistently exceeds the moving average signals that the local economy is growing or beginning a period of growth. (Brazosport College Economic Forecasting Center, 2024). The Port enters into property tax abatements with local businesses. The Port Commission approves the application after it is determined that the request meets the applicable guidelines and criteria adopted by the Port Commission, which will promote the development of industry within the Port boundaries, provide additional area employment, and strengthen the District's economy. Details of tax abatement agreements can be found in Note 15 on page 61.

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

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

FINANCIAL

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

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

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

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

Other Financial information

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

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

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

Independent Auditor. The state statutes require an annual audit by independent certified public accountants. KM&L, LLC, the independent certified public accountants selected by the Port Commission, audited the basic financial statements for the year ended September 30, 2025.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for excellence in financial reporting to the Port for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2024. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

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

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

MAJOR INITIATIVES

2025. As a continuation of master planning efforts, the Port has established four (4) critical strategic objectives. These objectives can be summarized as follows:

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

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

Two super post panamax ship to shore gantry cranes were delivered in September of 2025 while the construction of the Velasco Terminal Access and North Gate Entrance projects were completed at a combined cost of $ 12.3 million. Backland development to support the Velasco Terminal continued with a $20.5 million project to add 15 acres of concrete and is scheduled to be completed in early 2026. Additionally, an 80,000 square foot chilled cross dock was completed with the cost of that project borne by the developer.

Future. With a favorable outcome for both the initial reconnaissance and subsequent feasibility studies, the United States Army Corps of Engineers (USCOE) issued its Chief's Report early in 2013 to the United States Congress recommending the deepening of the Freeport Harbor Channel. Acting on this recommendation, Congress included in the Water Resources Reform and Development Act (WRRDA) of 2014 authorization to move forward with the proposed project funding initial construction planning and design work. During 2014, it was determined additional improvements, beyond those proposed and authorized in WRRDA, were necessary in order to accommodate the safe navigation of the feasibility study's design vessel. The Port actively engaged with the USCOE to develop a process to adjust for these additional requirements, which include bend easing and channel width increases. The General Re-evaluation Report (GRR) approval was received in May 2018. The Federal Government's share of the total project cost must be appropriated by Congress with a project New Start designation and the first phase was appropriated and included in the USCOE 2020 workplan and construction began in April 2021. Additional Federal Government funding has been appropriated and all voter authorized bond issuances have been made providing the combined funds to fund the project to completion. Current estimated totally funded project costs are $ 295 million, which will be shared between the Federal Government and the Port based on defined cost shares. The final contract has been awarded by the USCOE and the project is on schedule to be completed in 2026.

There are active projects to reconstruct East 5th Street and to expand the access roads to Gate 4 to four lanes with both providing improved efficiency for port traffic. A new refrigerated cross dock and storage facility is in the engineering phase with construction expected to begin in FY2026. Total costs associated with the continued build out of the Velasco Terminal and related infrastructure are estimated at $ 130 million over the next five years. These projects will be funded through a combination of operating income, grants, and bond revenues. The continued strategy of maintaining long term contracts combined with strong operational growth plans and established financing options will support these projects and initiatives while also enabling continued infrastructure development beyond those specifically noted.

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

ACKNOWLEDGEMENTS

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

Respectfully Submitted,

Rob Lowe

Rob Lowe

PORT FREEPORT
Economic Impact

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

Statewide Annual Economic Impact

109,800 jobs
$8.8 billion state and local tax revenues
$84.3 billion total economic output

Nationwide Annual Economic Impact

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

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

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KM&L
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Port Commissioners
Port Freeport
Freeport, Texas 77541

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Port Freeport ("the Port"), as of and for the year ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Port, as of September 30, 2025 and 2024 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.
In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Port's basic financial statements. The accompanying schedule of expenditures of state awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2026 on our consideration of the Port's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Port's internal control over financial reporting and compliance.

KM&L, LLC

Lake Jackson, Texas
February 11, 2026

PORT FREEPORT

Management Discussion and Analysis

The management of Port Freeport (Port) offers readers this narrative overview and analysis of the financial activities for the fiscal years ended September 30, 2025, 2024 and 2023. This section is intended to enhance the clarity and usefulness of the financial statements for citizens, oversight bodies, investors, and creditors. The Port's financial activities are being reported under the requirements of Governmental Accounting Standards Board (GASB) Statement 34 as a single enterprise fund.

Financial Highlights

September 30, 2025

- Total Net Position increased by $ 36.6 million.
- Total Assets increased by $ 22.7 million primarily due to an increase in cash and cash equivalents of $ 8.9 million and an increase of construction in progress of $ 44.6 million.
- Total Liabilities decreased by $ 5.1 million mainly due to the reduction in bonds payable.
- Increase in Net Position was primarily due to grant funds received and an increase in harbor operations revenue.

September 30, 2024

- Total Net Position increased by $ 24.4 million.
- Total Assets increased by $ 53.3 million primarily due to an increase in investments of $ 48.8 million and an increase of lease receivables of $ 12.8 million.
- Total Liabilities increased by $ 20.0 million mainly due to issuance of bonds.
- Increase in Net Position was primarily due to an increase in harbor operations revenue and a reduction in amount paid for non-federal share of Freeport Harbor Channel Improvement Project.

September 30, 2023

- Total Net Position increased by $ 8.1 million.
- Total Assets increased by $ 35.9 million primarily due to an increase in property, plant and equipment of $30.0 million from purchases of land, Port improvements, and equipment, an increase in cash and cash equivalents of $ 18.2 million and a decrease in investments of $ 2.8 million primarily driven from bonds issued and cost paid for non-federal share of Freeport Harbor Channel Improvement Project.
- Total Liabilities increased by $ 39.1 million mainly due to bonds issued.
- Increase in Net Position was primarily due to grant funds received and reduction in amount paid for non-federal share of Freeport Harbor Channel Improvement Project.

Overview of Financial Statements

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

PORT FREEPORT

Management Discussion and Analysis

Financial Analysis

Over time, increases or decreases in the Port's net position may serve as a useful indicator of whether the Port's financial position is improving or deteriorating. For the years ended September 30, 2025, 2024 and 2023, the Port's net position increased by 14 percent, 11 percent, and 4 percent, to $ 293.1 million, $ 256.5 million, and $ 232.1 million, respectively.

Net investment in capital assets at September 30, 2025, 2024 and 2023, was $295.8 million, $ 260.8 million, and $ 256.7 million, or 101 percent, 102 percent, and 111 percent of total net position, respectively. Net investment in capital assets includes land, buildings, machinery, and equipment less any related debt used to acquire these assets. These net capital assets are recorded at historical cost and are net of depreciation. The remaining net position, at September 30, 2025, 2024 and 2023, is divided into three categories: restricted for debt service, $ 18.4 million, $ 19.8 million, and $ 14.6 million, restricted for capital projects, $ 12 thousand, $ 12 thousand, and $ 12 thousand; and unrestricted net position deficits of $ 21.1 million, $ 24.1 million, and $ 39.2 million, respectively. Restrictions do not significantly affect the availability of resources for future use. As the non-federal sponsor of the Freeport Harbor Channel, the Port is responsible for funding the non-federal share of the Freeport Harbor Channel Improvement Project. The non-federal sponsor share is funded by the issuance of General Obligation Bonds. As a result, the Port has recognized substantial liabilities in the financial statements for these bonds. As of September 30, 2025 the Port has issued $ 130 million of project related bonds which have caused the deficit balances in unrestricted net position.

The Port's total net position increased by $ 36.6 million in 2025, $ 24.4 million in 2024, and $ 8.1 million in 2023. These changes were provided by operating income (including depreciation) of $ 32.7 million, $ 26.0 million, and $ 23.1 million; $ (6.4) million, $ (2.4) million, and $ (20.4) million in non-operating net revenues (expenses) including ad valorem taxes, net of collection expenses of $ (33.2) thousand, $ 3.6 million, and $ 6.6 million, and capital contributions of $ 14.7 million, $ 1.0 million, and $ 5.5 million, respectively.

Condensed Statements of Net Position
(in thousands)

	2025	2024	2023
Current assets	$ 314,078	$ 330,762	$ 278,729
Capital assets, net of depreciation	489,105	449,775	448,546
Total assets	803,183	780,537	727,275
Deferred outflows of resources – refunding costs	3	4	5
Total deferred outflows of resources	3	4	5
Current liabilities	22,247	18,938	18,112
Non-current liabilities	323,614	332,063	312,852
Total liabilities	345,861	351,001	330,964
Deferred inflows of resources	164,225	173,036	164,200
Total deferred inflows of resources – lease related	164,225	173,036	164,200
Net investment in capital assets	295,802	260,794	256,736
Restricted for debt service	18,387	19,806	14,584
Restricted for capital projects	12	12	12
Unrestricted	(21,101)	(24,108)	(39,216)
Total net position	$ 293,100	$ 256,504	$ 232,116

PORT FREEPORT

Management Discussion and Analysis

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

	2025	2024	2023
Operating revenues:			
Harbor operations	$ 43,859	$ 34,804	$ 26,315
Lease income	17,786	17,932	17,676
Miscellaneous	30	1,404	2,111
Total operating revenues	61,675	54,140	46,102
Operating expenses:			
Payroll and related	6,271	5,813	5,713
Professional services	4,050	3,152	3,135
Supplies and other	4,329	4,252	3,161
Utilities, maintenance and repairs	2,168	2,413	2,135
Depreciation	12,182	12,464	8,883
Total operating expenses	29,000	28,094	23,027
Operating income	32,675	26,046	23,075
Non-operating revenues (expenses):			
Ad valorem tax, net of collection expenses	(33)	3,591	6,611
Investment income	5,606	6,291	4,186
Dredge material placement fees	-	271	-
Gain on sale of capital assets and other	33	3	44
Debt interest and fees	(12,025)	(12,507)	(10,955)
Other	(4)	(70)	(20,330)
Total non-operating revenues (expenses)	(6,423)	(2,421)	(20,444)
Income before capital contributions and extraordinary expenses	26,252	23,625	2,631
Capital contributions - grants	14,729	1,019	5,487
Extraordinary expenses - emergency recovery expenses	(4,385)	(256)	-
Change in net position	36,596	24,388	8,118
Total net position - beginning	256,504	232,116	223,998
Total net position - ending	$ 293,100	$ 256,504	$ 232,116

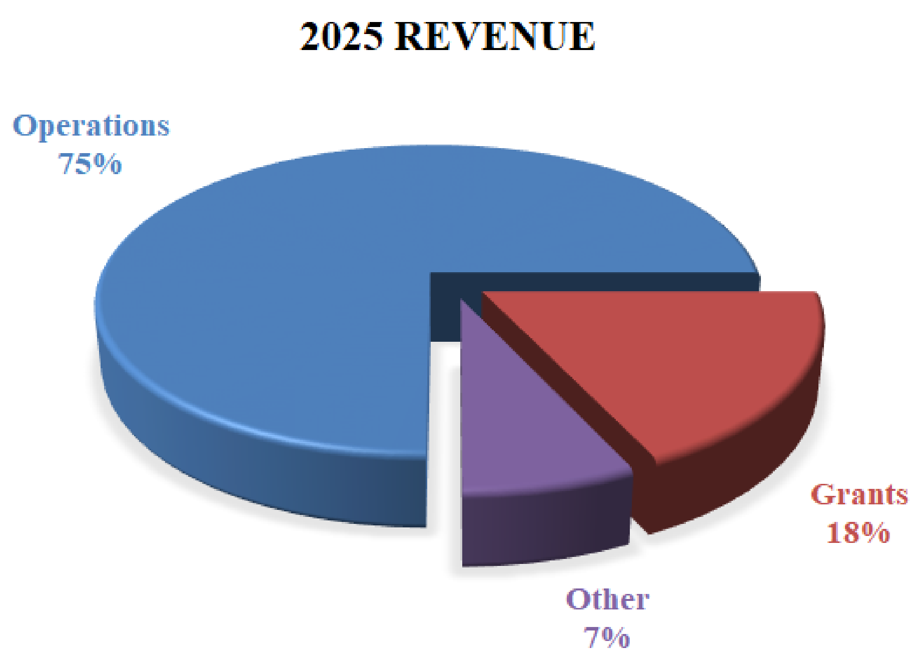
Total revenues, including capital contributions, have increased in 2025 compared to 2024 and increased in 2024 compared to 2023. Total revenues for 2025, 2024, and 2023, were $ 82 million, $ 65.3 million, and $ 62.4 million, respectively. Operating revenues increased by $ 7.5 million in 2025 to $ 61.7 million, $ 8.0 million in 2024 to $ 54.1 million, and decreased in 2023 by $ 1.2 million to $ 46.1 million. Harbor operating revenues are primarily driven by commodity tonnages and ship calls. Tonnage overall increased 26 percent to 20.9 million tons in 2025 while ship calls increased 17 percent and barge calls increased 58 percent. Tonnage overall increased 45 percent to 16.6 million tons in 2024 while ship calls increased 31 percent and barge calls increased 17 percent. Tonnage overall decreased 12 percent to 11.4 million tons in 2023 while ship calls decreased 12 percent and barge calls remained the same. Miscellaneous revenues decreased in 2025 by $ 1.4 million, decreased in 2024 by $ 707 thousand, and decreased by $ 2.4 million in 2023 due to business interruption insurance claim proceeds received in 2024.

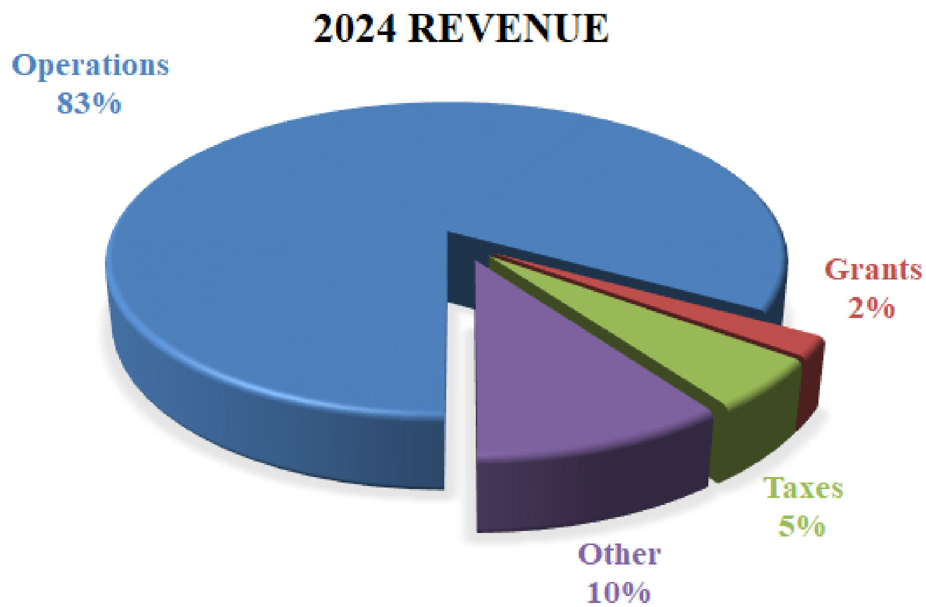
The following is the detailed tonnage comparison for the fiscal year 2025, 2024, and 2023:

Commodity	Fiscal Year 2025 Tonnage (In thousands)	Change From prior Year	Fiscal Year 2024 Tonnage (In thousands)	Change from prior year	Fiscal Year 2023 Tonnage (In thousands)	Change from prior year
Rice	348	27%	273	7%	254	-8%
Bananas/Misc Fruit	921	66%	555	39%	399	9%
Misc./General Cargo	680	51%	449	16%	386	8%
Dry Bulk Material	127	-42%	218	-22%	280	-38%
Liquid Bulk Material	17,227	27%	13,580	53%	8,892	-14%
Project Cargo	4	-20%	5	-55%	11	-84%
Steel Products	972	2%	952	19%	797	8%
RoRo Cargo	631	16%	546	36%	401	-3%
Total	20,910	26%	16,578	45%	11,420	-12%

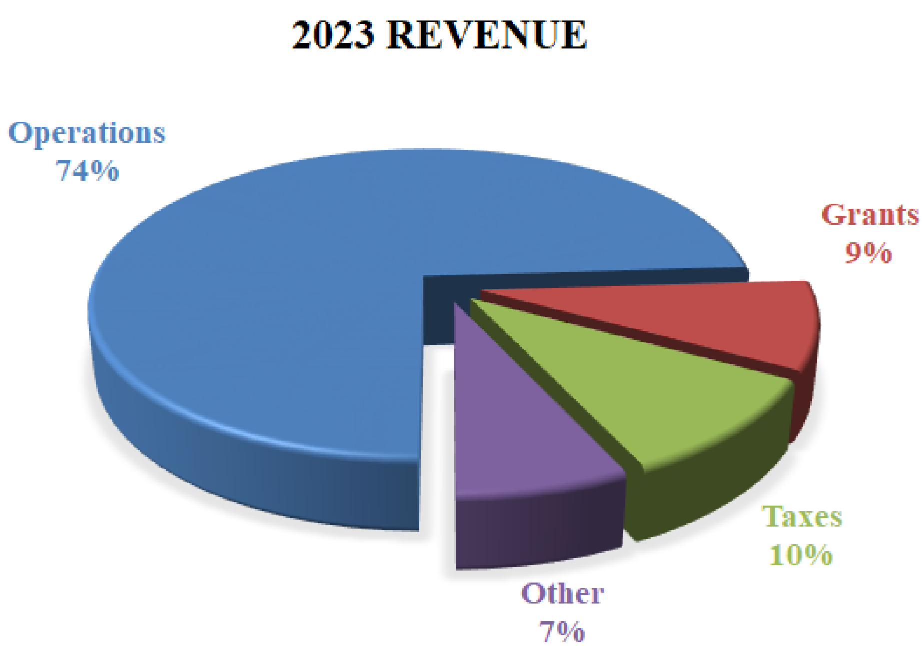
Total lease revenue decreased 0.8 percent in 2025, increased 1.4 percent in 2024, and increased 2.7 percent in 2023. Ground lease revenue increased by $ 895 thousand in 2025, increased $ 490 thousand in 2024, and increased $ 1.0 million in 2023. Other leases decreased $ 42 thousand in 2025, increased $ 8 thousand in 2024, and increased $ 16 thousand in 2023. Lease revenue decrease in 2025 due to ongoing construction in previously leased areas . Lease revenue increased in 2024 and 2023 due to increased area utilized by RoRo tenant and CPI increases.

Ad valorem tax revenue was eliminated for 2025, and was $ 3.6 million and $ 6.6 million during 2024 and 2023, respectively. The tax rate was 1.6007 cents per hundred-dollar valuation in 2024, and 3.50 cents per hundred-dollar valuation in 2023. Investment income decreased by $ 685 thousand in 2025 due to decreased funds invested and changes in fair value, increased by $ 2.1 million in 2024 due to increased funds invested as well as changes in interest rates and fair value, and increased by $ 4.0 million in 2023 due to changes in interest rates and fair value. Grant revenues increased in 2025 to $ 13.7 million, decreased in 2024 to $ 1.0 million, and increased in 2023 to $ 5.6 million. Other non-operating expenses of $ 4 thousand, $ 70 thousand, and $ 20.3 million, in 2025, 2024, and 2023 were mainly related to contributions of non-federal share of Freeport Harbor Channel Improvement Project.





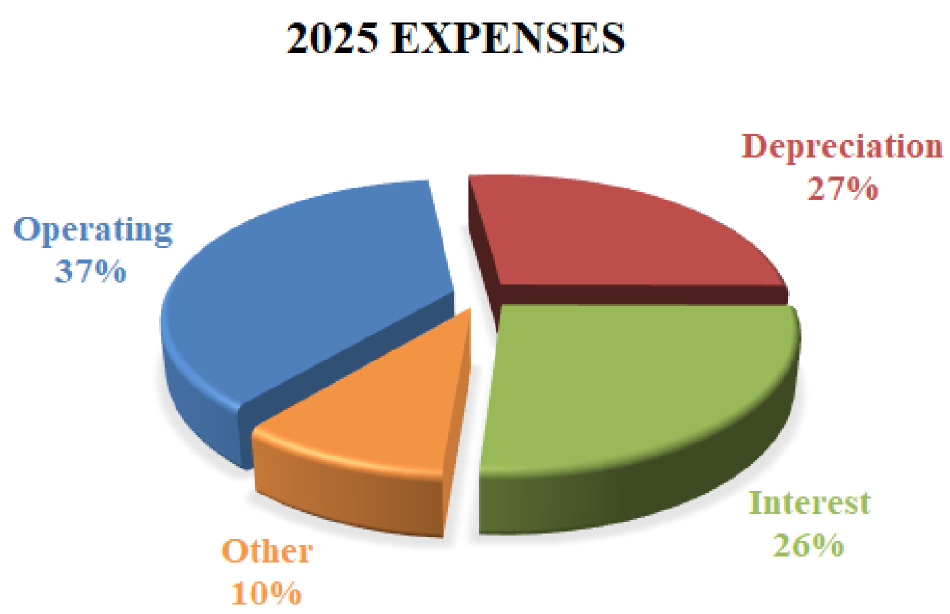
2024 REVENUE
Operations
83%
Grants
2%
Taxes
5%
Other
10%



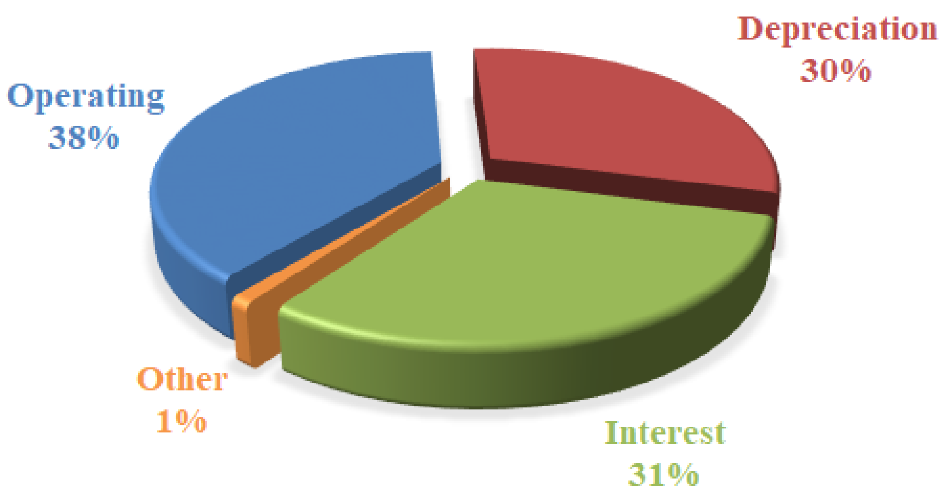
2023 REVENUE
Operations
74%
Grants
9%
Taxes
10%
Other
7%

Total expenses increased 11 percent to 45.4 million in 2025 from 40.9 million in 2024, decreased 24.6 percent to 40.9 million in 2024 from 54.3 million in 2023, and decreased 27.8 percent to 54.3 million in 2023 from 75.2 million in 2022. Operating expenses, including depreciation, were $ 29.0 million in 2025 increasing $ 906 thousand or 3.2 percent, $ 28.1 million in 2024 increasing $ 5.1 million or 22.0 percent, and $ 23.0 million in 2023 increasing $ 2.9 million or 14.4 percent from 2022. Payroll and related expenses increased by $ 459 thousand or 7.9 percent in 2025 due to additional headcount, salary increases, and remained consistent during both 2024 and 2023. Professional services expense increased by $ 898 thousand or 28.5 percent in 2025 due increased consulting and security fees, and remained consistent during both 2024 and 2023. Supplies and other expenses remained consistent in 2025 compared to 2024, increased by $ 1.1 million or 34.5 percent during 2024 and remained consistent in 2023 compared to 2022. Utilities, maintenance and repairs expenses decreased by $245 thousand in 2025 compared to 2024, increased $ 278 thousand in 2024 compared to 2023, and increased $ 306 thousand in 2023 compared to 2022. Depreciation expense decreased by $ 282 thousand in 2025, increased by $ 3.6 million in 2024, and increased by $ 969 thousand in 2023.

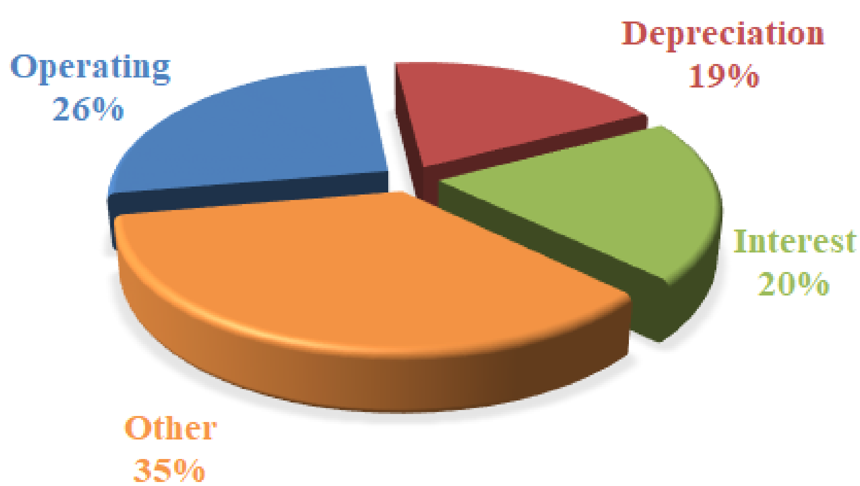
Debt interest and fees on outstanding debt payments were $12.0 million, $ 12.5 million, and $ 10.9 million in 2025, 2024 and 2023, respectively. Other expenses of $ 4 thousand in 2025, $ 70 thousand in 2024 and $ 20.3 million were capital contributions made for the non-federal share of the Freeport Harbor Channel Improvement Project. Extraordinary expenses were $ 4.4 million in 2025 due primarily to emergency recovery efforts associated with the impact of hurricane Beryl.



2024 EXPENSES

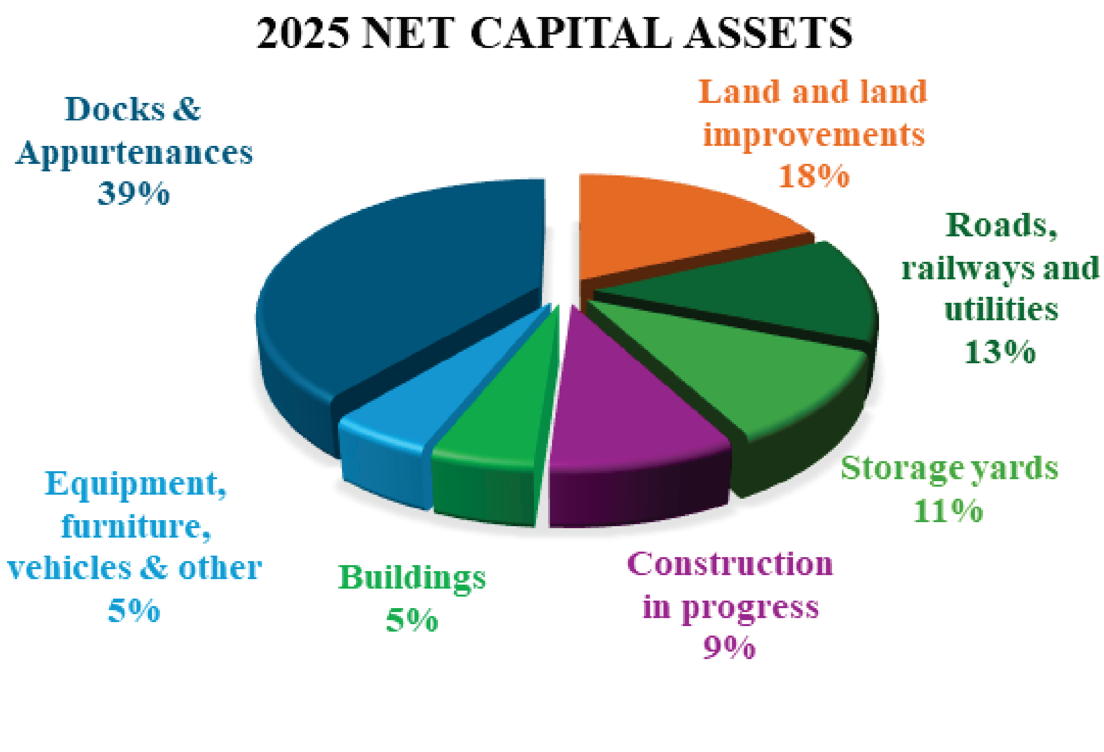


2023 EXPENSES

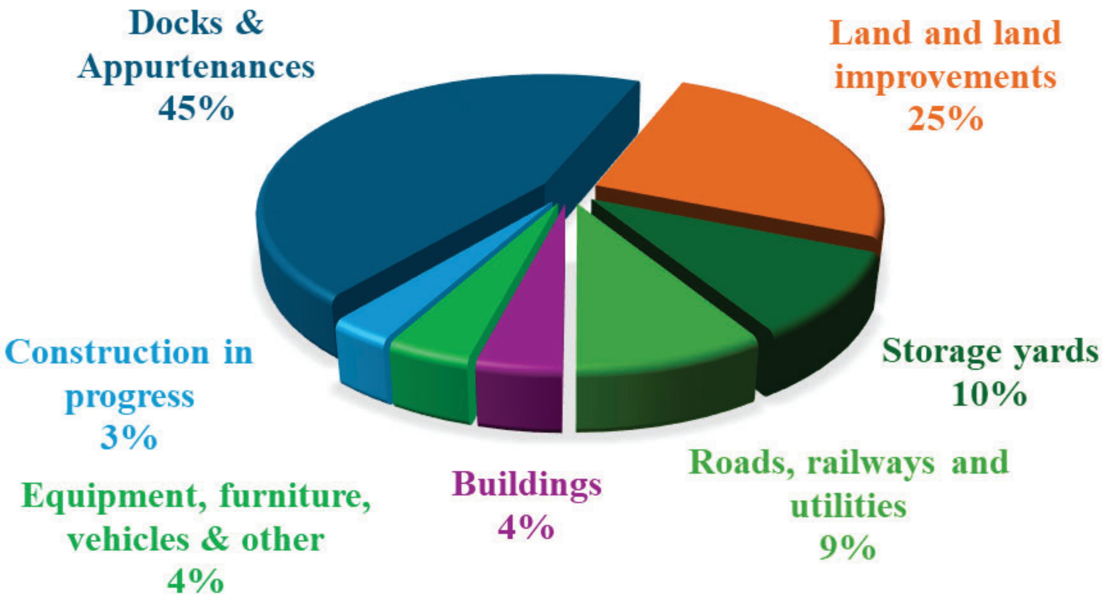


Capital Assets

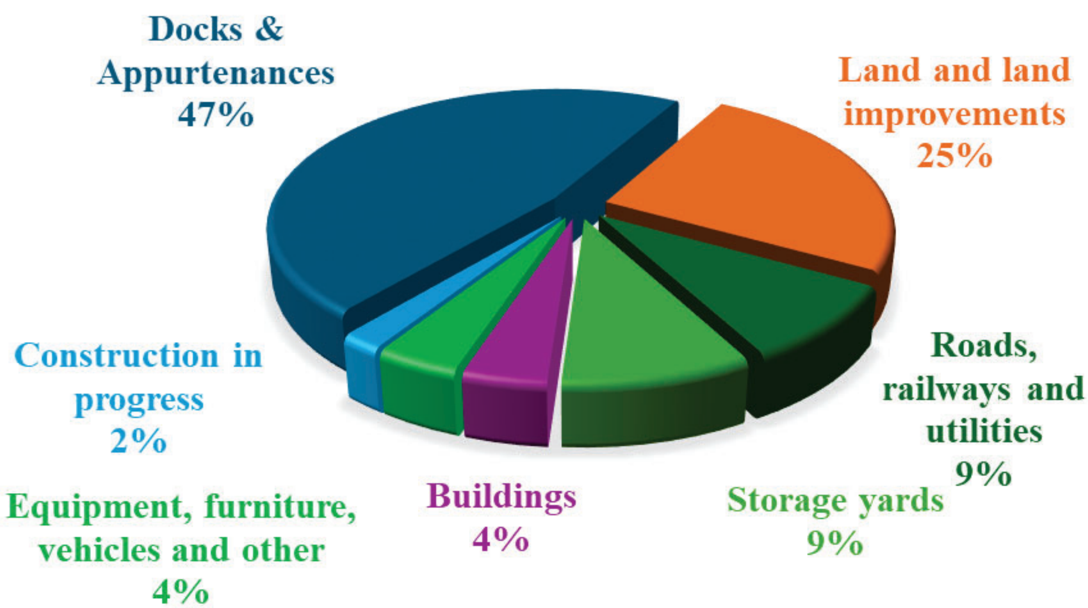
The Port's capital assets are $ 489.1 million, $ 449.8 million, and $ 448.5 million, net of depreciation, as of September 30, 2025, 2024 and 2023, respectively. Capital assets include land and land improvements, docks and appurtenances, buildings, storage yards, equipment, roads and railways, utilities, and construction in progress. In 2025, 2024 and 2023 there were additions of $ 51.5 million, $ 13.7 million, and $ 38.9 million, (net of construction in progress placed in service) with depreciation of $ 12.2 million, $ 12.5 million, and $ 8.9 million, respectively. There were no land and improvement additions made in 2025. Land and improvement additions of $ 32 thousand were made in 2024, and $ 7.9 million in 2023, primarily related to land acquisitions of properties adjacent to the Port. Gross additions to construction in progress were $ 50.8 million in 2025, $ 13.2 million in 2024, and $ 2.1 million in 2023, related primarily to Velasco Terminal and Freeport Channel improvements. Construction in progress placed in service totaled $ 6.3 million in 2025, $ 12.1 million in 2024, and $ 125.1 million in 2023, which included cathodic protection in 2025, the completion of pump station work, pavement repairs, and work on the Backlands Area 3 in 2024, the completion of Berth 8 and the Ro-ro ramp in 2023, at a cost of $ 143.8 million. Building additions totaled $ 371 thousand in 2025 and $ 176 thousand in 2024. Equipment, furniture, vehicles, and other additions totaled $ 363 thousand in 2025, $ 281 thousand in 2024, and $ 364 thousand in 2023, due to purchases of software, tools and equipment.



2024 NET CAPITAL ASSETS



2023 NET CAPITAL ASSETS



Long Term Debt

Total bonds payable are $ 311.4 million, $ 318.1 million, and $ 298.0 million at September 30, 2025, 2024, and 2023 respectively.

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

On February 13, 2024, the Port issued $ 25,655,000 of Senior Lien Revenue Bonds, Series 2024. The proceeds of issuances of Series 2024 bonds were used to finance all or a portion of (i) the costs of the design, construction, development, improvement, and equipment of Port Facilities, (a) improvements to the Velasco terminal and other entry points into Port facilities, (b) the acquisition of two ship-to-shore cranes and (c) the installation of cathodic protection systems (ii) make a deposit to a debt service reserve account, and (iii) pay the costs of issuing the bonds. The Series 2024 bonds have a final maturity date of June 1, 2043.

As of September 30, 2025, 2024, and 2023, revenue bonds outstanding equaled $ 189.6 million, $ 195.2 million, and $ 175.0 million respectively. The debt service for these bonds is paid from the Port's operating revenues.

In 2019, General Obligation Bonds, Series 2019 were issued to provide for use to finance the contribution of non-federal share for improving, constructing, or developing the Freeport Harbor Channel, the construction of related improvements to waterways and adjacent berthing areas and aids to navigation used for navigation-related commerce at the Port, and dredge material placement associated with such activities (Freeport Harbor Channel Improvement Project). In 2021, General Obligation Bonds, Series 2021, and in 2023, General Obligation Bonds, Series 2023 were issued for the next phase of the Freeport Harbor Channel Improvement Project. As of September 30, 2025, the Port had general obligation bonds payable of $ 121.8 million, $ 122.9 million, and $ 123.0 million respectively. The final maturity for these general obligation bonds is 2053. The debt service for these bonds is paid from ad valorem tax revenue.

Outlook

Significant developments continue at the port which will affect the future financial performance, both in the near and long -term time periods. With two Super Post Panamax ship to shore gantry cranes recently added to the Velasco Container Terminal the port now has four ship to shore cranes supporting the two berths. The port also opened a new gate that will allow more efficient use of the Velasco Container Terminal where improved container storage will be supported by surrounding roadway improvements. These additions and improvements will keep Port Freeport positioned to continue its growth, creating additional opportunities for existing tenants and offering opportunities for new lines of business.

With the completion of the initial reconnaissance and subsequent feasibility study, The U.S. Army Corps of Engineers (USCOE) issued a Chiefs report in January of 2013 indicating a Federal interest, supported by favorable project economics, to deepen the Port Freeport Navigational Channel to depths ranging from 51-56 feet from the current 46-foot depth. At present, the project is authorized as part of the Water Resources Reform and Development Act of 2014 (WRRDA). During 2014, it was determined additional improvements, beyond those proposed and authorized in WRRDA, were necessary for the safe navigation of the feasibility study's design vessel. Based on these findings, the Port actively engaged with the USCOE to produce a General Reevaluation Report (GRR) outlining a process to adjust for these additional requirements, which include bend easing and channel width increases. The GRR approval was received in May 2018. A New Start designation was granted, and the first phase was appropriated by Congress and included in the USCOE 2020 workplan. The USCOE awarded a contract for dredging of the first phase of the project on September 2020 and construction began in April 2021. Federal funding through fiscal year end totaled $ 207.7 million providing the federal funding needed to complete the project. As non-federal sponsor, Port Freeport is contributing $ 130 million, funded by the 2018 voter-approved bond package. Project construction was substantially completed in 2025 which will allow the Port and other harbor users to bring in larger vessels and a greater volume of ships, providing for a fuller utilization of existing and planned facilities.

Included in the Port's developmental planning efforts is the continued build-out of Velasco Container Terminal. Estimated future costs associated with the completion of the backland development, additional cross docking facilities and landside access are $ 130 million, scheduled over the next five years. A combination of operating income, grants and revenue debt issuance is anticipated to fund this project.

Future development plans include further development of port owned land for container storage, project cargo, automotive and heavy equipment, as well as additional on site rail development supporting the construction of warehousing, processing, and distribution facilities.

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

Requests for Information

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

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Statements of Net Position

September 30, 2025 and 2024

	2025	2024
Assets:		
Current Assets:		
Cash and cash equivalents	$ 28,521,171	$ 14,209,945
Investments	-	10,137,957
Receivables:		
Trade accounts (less allowance for uncollectible accounts - 2025, $ 39,949; 2024, $ 39,949)	6,429,555	6,922,828
Property taxes (less allowance for uncollectible accounts - 2025, $ 27,377; 2024, $ 27,987)	20,905	40,674
Lease	180,260,753	186,105,987
Other	-	4,935
Other governments	880,287	1,537,192
Prepaid items	959,055	1,528,764
Inventory	1,693,965	1,408,227
Total unrestricted current assets	218,765,691	221,896,509
Restricted Current Assets:		
Cash and cash equivalents	50,774,981	56,121,710
Investments	44,447,017	52,557,224
Receivables:		
Property taxes (less allowance for uncollectible accounts - 2025, $ 11,081; 2024, $ 11,267)	30,760	75,697
Accrued interest	59,101	108,480
Other	-	2,372
Total restricted current assets	95,311,859	108,865,483
Total current assets	314,077,550	330,761,992
Land and land improvement, and construction in progress	169,320,217	124,800,846
Property, plant and equipment (less accumulated depreciation - 2025, $ 130,727,752; 2024, $ 118,860,120)	319,784,748	324,974,197
Total non-current assets	489,104,965	449,775,043
Total assets	803,182,515	780,537,035
Deferred Outflows of Resources:		
Deferred outflows of resources – Refunding costs	3,116	4,279
Total deferred outflows of resources	3,116	4,279

(continued)

PORT FREEPORT

Statements of Net Position

September 30, 2025 and 2024

	2025	2024
Liabilities:		
Current Liabilities:		
Accounts payable and accrued expenses	$ 5,465,841	$ 3,009,601
Unearned lease income	4,763,160	4,698,865
Accrued compensated absences	71,070	79,473
Total current liabilities payable from unrestricted assets	10,300,071	7,787,939
Current Liabilities Payable from Restricted Assets:		
Accrued bond interest payable	3,491,348	3,560,504
Bonds payable	8,454,949	7,589,949
Total current liabilities payable from restricted assets	11,946,297	11,150,453
Total current liabilities	22,246,368	18,938,392
Non-current Liabilities:		
Bonds payable	323,540,703	331,995,704
Accrued compensated absences	73,477	67,355
Total non-current liabilities	323,614,180	332,063,059
Total liabilities	345,860,548	351,001,451
Deferred Inflows of Resources:		
Deferred inflows of resources – lease related	164,224,887	173,036,011
Total deferred inflows of resources	164,224,887	173,036,011
Net Position:		
Net investment in capital assets	295,802,273	260,793,928
Restricted:		
Debt service	18,386,845	19,805,666
Capital projects	12,242	12,301
Unrestricted	(21,101,164)	(24,108,043)
Total net position	$ 293,100,196	$ 256,503,852

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

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Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended September 30, 2025 and 2024

	2025	2024
Operating Revenues:		
Harbor Operations:		
Wharfage	$ 20,680,192	$ 16,586,339
Dockage	11,398,344	9,286,192
Service, facility use and other fees	11,780,754	8,931,069
Lease income	17,786,149	17,931,761
Business interruption claim	-	1,400,000
Miscellaneous	30,029	4,406
Total operating revenues	61,675,468	54,139,767
Operating Expenses:		
Payroll and related	6,271,559	5,812,948
Professional services	4,049,587	3,151,985
Supplies and other	4,328,726	4,251,767
Utilities	886,180	1,055,624
Maintenance and repairs	1,281,328	1,357,231
Depreciation	12,182,448	12,464,360
Total operating expenses	28,999,828	28,093,915
Operating income	32,675,640	26,045,852
Non-Operating Revenues (Expenses):		
Ad valorem tax, net of collection expenses	(33,185)	3,591,264
Investment income	5,605,531	6,290,932
Dredge material placement fees	-	270,916
Gain on sale of capital assets	33,289	2,500
Debt interest and fees	(12,025,192)	(12,506,750)
Other	(4,000)	(69,517)
Total non-operating revenues (expenses)	(6,423,557)	(2,420,655)
Income before capital contributions and extraordinary expenses	26,252,083	23,625,197
Capital contributions - grants	14,729,626	1,019,435
Extraordinary expenses - emergency recovery	(4,385,365)	(256,871)
Change in net position	36,596,344	24,387,761
Total net position - beginning	256,503,852	232,116,091
Total net position - ending	$ 293,100,196	$ 256,503,852

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

PORT FREEPORT

Statements of Cash Flows
For the Years Ended September 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities:		
Cash received from customers	$ 61,977,057	$ 48,211,300
Cash paid to suppliers for goods and services	(9,781,189)	(9,491,636)
Cash paid to employees for services and benefits	(6,241,017)	(5,804,435)
Net cash provided by operating activities	45,954,851	32,915,229
Cash Flows from Non-capital Financing Activities:		
Property tax receipts	-	3,622,397
Property tax collection expenses	(5,920)	(43,374)
Contribution to others	(4,000)	(69,517)
Net cash provided (used) by non-capital financing activities	(9,920)	3,509,506
Cash Flows from Capital and Related Financing Activities:		
Proceeds from issuance of bonds	-	26,836,730
Principal payments under bond obligations	(6,725,000)	(5,535,000)
Principal payments under purchase financing note obligations Interest and fees	-	(1,558,990)
paid under debt obligations	(12,084,949)	(12,822,324)
Land & equipment purchases	(51,626,218)	(13,585,006)
Grants received	14,729,626	1,019,435
Proceeds from the sale of capital assets	66,258	2,500
Net cash provided (used) by capital and related financing activities	(55,640,283)	(5,642,655)
Cash Flows from Investing Activities:		
Purchase of investments	(1,020,176)	(53,055,506)
Proceeds from sale and maturity of investments	15,601,011	5,125,000
Investment earnings	4,079,014	4,780,244
Net cash provided (used) by investing activities	18,659,849	(43,150,262)
Change in cash and cash equivalents	8,964,497	(12,368,182)
Cash and cash equivalents, October 1,	70,331,655	82,699,837
Cash and cash equivalents, September 30,	$ 79,296,152	$ 70,331,655

(continued)

PORT FREEPORT

Statements of Cash Flows - Continued
For the Years Ended September 30, 2025 and 2024

	2025	2024
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	$ 32,675,640	$ 26,045,852
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	12,182,448	12,464,360
Gain on sale of assets	(47,591)	-
Change in assets and liabilities:		
Accounts receivable	7,063,270	(14,383,658)
Other receivables		(836,495)
Inventory	(285,738)	(130,735)
Prepaid items	569,709	(130,817)
Other current assets	(2,281)	529,988
Deferred inflow of resource	(8,809,961)	8,836,289
Accounts payable and accrued expenses	2,542,779	238,964
Unearned lease income	64,295	272,968
Accrued compensated absences	2,281	8,513
Net cash provided by operating activities	$ 45,954,851	$ 32,915,229
Non-cash Transactions Affecting Financial Position:		
Change in value of investments – from cost to fair value	$ 1,694,088	$ 1,310,688
Net effect of non-cash transactions	$ 1,694,088	$ 1,310,688

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

PORT FREEPORT

Notes to Financial Statements
For the Years Ended September 30, 2025 and 2024

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Notes to Financial Statements
For the Years Ended September 30, 2025 and 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

Included within the reporting entity:

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

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

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

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

B. BASIS OF ACCOUNTING

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF ACCOUNTING - Continued

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

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

C. RECLASSIFICATIONS

Restricted capital contributions in the prior year statement of position have been classified into unrestricted within the current year statement of net position to conform with GASB financial reporting standards.

D. NEW PRONOUNCEMENTS

GASB issues statements on a routine basis with the intent to provide authoritative guidance on the preparation of financial statements and to improve governmental accounting and financial reporting of governmental entities. Management reviews these statements to ensure that preparation of its financial statements are in conformity with generally accepted accounting principles and to anticipate changes in those requirements. The following recent GASB Statements reflect the action and consideration of management regarding these requirements:

GASB Statement No. 105 “Subsequent Events” was issued in December 2025. The requirements of this statement are effective for fiscal years beginning after June 15, 2026.

GASB Statement No. 103 “Financial Reporting Model Improvements” was issued in April 2024. The management of the Port does not expect the implementation of this standard to have a material effect on the financial statements of the Port. The requirements of this statement are effective for reporting periods beginning after June 15, 2025.

GASB Statement No. 104 “Disclosure of Certain Capital Assets” was issued in September 2024. The management of the Port does not expect the implementation of this standard to have a material effect on the financial statements of the Port. The requirements of this statement are effective for reporting periods beginning after June 15, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. CASH AND INVESTMENTS

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

F. INVENTORIES AND PREPAID ITEMS

Inventories of supplies are valued at cost and inventories held for resale are valued at the lower of cost or market. There were no inventories held for resale as of September 30, 2025 and 2024.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items, and expensed when incurred.

G. CAPITAL ASSETS

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. INTEREST CAPITALIZATION

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

I. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

J. NET POSITION

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

K. COMPENSATED ABSENCES

Vested or accumulated vacation is recorded as an expense and liability as the benefits accrue to employees. The Port's vacation and sick leave policy provides that each employee may carry over unused vacation, not to exceed five days, to subsequent years. Further, unused sick leave may be converted to vacation on a five to one ratio. Benefits payable as of September 30, 2025 and 2024 were $ 144,548 and $ 146,828, respectively.

L. LONG-TERM OBLIGATIONS

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

M. LEASES

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

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

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

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

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

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

N. PROPERTY TAXES

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

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

The Commission may levy taxes at an unlimited rate for payment of debt service on the Port's General Obligation Bonds. The Commission may also levy taxes, subject to a $ 0.10 per $ 100 assessed valuation limit, for all operation and maintenance expenses of the Port. For the year ended September 30, 2025, the Commission levied no taxes, and for the year ended September 30, 2024 levied taxes at a rate of $ 0.016007 for debt service and a rate of $ 0.0 for operation and maintenance, for a total tax rate of $ 0.016007 per $ 100 assessed valuation.

NOTE 2. DEPOSITS AND INVESTMENTS

The Port classifies deposits and investments for financial statement purposes as cash and temporary investments and investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose, a temporary investment is one that when purchased had a maturity date of three months or less. Cash and temporary investments and investments, as reported on the statements of net position at September 30, 2025 and 2024, are as follows:

September 30, 2025	Unrestricted	Restricted	Total
Cash and temporary investments:			
Cash (petty cash accounts)	$ 1,440	$ -	$ 1,440
Financial institution deposits	11,729,109	558,214	12,287,323
Local government investment pool	16,790,622	50,216,767	67,007,389
Total cash and temporary investments	$ 28,521,171	$ 50,774,981	$ 79,296,152
Investments:			
Investments held by broker-dealers:			
U.S. agencies	$ -	$ 44,447,017	$ 44,447,017
Total investments	$ -	$ 44,447,017	$ 44,447,017

September 30, 2024	Unrestricted	Restricted	Total
Cash and temporary investments:			
Cash (petty cash accounts)	$ 1,440	$ -	$ 1,440
Financial institution deposits	5,379,028	321,409	5,700,437
Local government investment pool	8,829,477	55,800,301	64,629,778
Total cash and temporary investments	$ 14,209,945	$ 56,121,710	$ 70,331,655
Investments:			
Investments held by broker-dealers:			
U.S. agencies	$ 10,137,957	$ 52,557,224	$ 62,695,181
Total investments	$ 10,137,957	$ 52,557,224	$ 62,695,181

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

At September 30, 2025, the carrying amount of the Port's deposits was $ 12,287,323 while the financial institution balances totaled $ 12,347,754. Of the financial institution balances, $ 262,300 was covered by federal deposit insurance, $ 500,000 was covered by the Securities Investor Protection Corporation insurance, and $ 11,585,454 was covered by collateral held by the Port's agent in the Port's name.

At September 30, 2024, the carrying amount of the Port's deposits was $ 5,700,437 while the financial institution balances totaled $ 6,795,700. Of the financial institution balances, $ 262,300 was covered by federal deposit insurance, $ 313,436 was covered by the Securities Investor Protection Corporation insurance, and $ 6,219,964 was covered by collateral held by the Port's agent in the Port's name.

NOTE 2. DEPOSITS AND INVESTMENTS - Continued

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

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

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

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

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

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

The Port invests in TexPool to provide its liquidity needs. TexPool was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. TexPool is a 2(a)7 like fund, meaning that it is structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of $ 1.00, although this cannot be fully guaranteed. TexPool is rated AAAm and must maintain a dollar weighted average maturity not to exceed 60 days.

At September 30, 2025 and 2024 TexPool had a weighted average maturity of 44 and 35, respectively. Although TexPool portfolios had a weighted average maturity of 44 and 35 days, respectively, the Port considers holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder unless there has been a significant change in value.

NOTE 2. DEPOSITS AND INVESTMENTS - Continued

Investments - Continued

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

The following tables include the portfolio balances of all investment types of the Port at September 30, 2025 and 2024.

	September 30, 2025		
Investment Type	Unrestricted	Restricted	Total
Local government investment pool	$ 16,790,622	$ 50,216,767	$ 67,007,389
U.S. Treasuries	-	43,270,651	43,270,651
U.S. government bonds	-	1,176,366	1,176,366
Total investments	$ 16,790,622	$ 94,663,784	$ 111,454,406

	September 30, 2024		
Investment Type	Unrestricted	Restricted	Total
Local government investment pool	$ 8,829,477	$ 55,800,301	$ 64,629,778
U.S. Treasuries	10,137,957	50,348,054	60,486,011
U.S. government bonds	-	2,209,170	2,209,170
Total investments	$ 18,967,434	$ 108,357,525	$ 127,324,959

Unrestricted Funds

As of September 30, 2025, the Port's unrestricted funds had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Local government investment pool	$ 16,790,622	44
	$ 16,790,622	44

As of September 30, 2024, the Port's unrestricted funds had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Local government investment pool	$ 8,829,477	35
U.S. Treasuries	10,137,957	619
	$ 18,967,434	344

NOTE 2. DEPOSITS AND INVESTMENTS - Continued

Unrestricted Funds - Continued

Credit Risk - As of September 30, 2025, the LGIP (which represents approximately 100% of the unrestricted portfolio) is rated AAAm by Standard and Poor's. As of September 30, 2024, the LGIP (which represent approximately 47% of the unrestricted portfolio) is rated AAAm by Standard and Poor's. The remaining portfolio is U.S. Treasuries (which represent approximately 53% of the unrestricted portfolio).

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

Restricted Funds

As of September 30, 2025, the Port's restricted funds had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Local government investment pool	$ 50,216,767	44
U.S. Treasuries	43,270,651	222
U.S. government bonds	1,176,366	48
	$ 94,663,784	125

As of September 30, 2024, the Port's restricted funds had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Local government investment pool	$ 55,800,301	35
U.S. Treasuries	50,348,054	619
U.S. government bonds	2,209,170	1,228
	$ 108,357,525	330

Credit Risk - As of September 30, 2025, the LGIP (which represents approximately 53% of the restricted portfolio) is rated AAAm by Standard and Poor's. The remaining portfolio is made up of U.S. Treasuries (which represent approximately 46% of the restricted portfolio), and U.S. governmental bonds (which represent approximately 1% of the restricted portfolio). Of the total U.S. government bonds, 100% is rated AA+ by Standard and Poor's. As of September 30, 2024, the LGIP (which represents approximately 52% of the restricted portfolio) is rated AAAm by Standard and Poor's. The remaining portfolio is made up of U.S. Treasuries (which represent approximately 46% of the restricted portfolio), and U.S. governmental bonds (which represent approximately 2% of the restricted portfolio). Of the total U.S. government bonds, 100% is rated AA+ by Standard and Poor's.

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

NOTE 2. DEPOSITS AND INVESTMENTS - Continued

Investments - Continued

Calculation of the net increase (decrease) in fair value of investments as of September 30, 2025 and 2024 utilizing the aggregate method is as follows:

	2025		
	Unrestricted	Restricted	Total
Fair value at September 30, 2025	$ -	$ 44,447,017	$ 44,447,017
Add: Proceeds of investments sold	10,565,000	49,185,000	59,750,000
Less: Cost of investments purchased	(6,353)	(39,801,396)	(39,807,749)
Less: Fair value at September 30, 2024	(10,137,957)	(52,557,223)	(62,695,181)
Changes in fair value of investments for the year ended September 30, 2025	$ 420,690	$ 1,273,398	$ 1,694,088

	2024		
	Unrestricted	Restricted	Total
Fair value at September 30, 2024	$ 10,137,957	$ 52,557,224	$ 62,695,181
Add: Proceeds of investments sold	5,125,000	-	5,125,000
Less: Cost of investments purchased	(15,122,996)	(37,324,616)	(52,447,612)
Less: Fair value at September 30, 2023	-	(13,861,881)	(13,861,881)
Changes in fair value of investments for the year ended September 30, 2024	$ 139,961	$ 1,370,727	$ 1,510,688

These changes in fair value for the years ended September 30, 2025 and 2024 are reported as investment income.

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

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

Level 2 Inputs to the valuation methodology include:

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

NOTE 2. DEPOSITS AND INVESTMENTS - Continued

Investments - Continued

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

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

Total fair values of investments of $ 44.5 million at September 30, 2025 and $ 62.7 million at September 30, 2024 were measured by level 1 measurement.

NOTE 3. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

Taxes: Ad valorem taxes receivable are reserved based on historical experience and evaluation of collectivity as the lesser of a percentage of the original levy and the current receivable for each levy year. The allowance for uncollectable taxes as of September 30, 2025 and 2024 was $ 38,458 and $ 39,254, respectively.

Trade Receivables: The allowance for uncollectable receivables related to Port services is determined based on historical experience and evaluation of collectivity in relation to the aging of customer accounts. The allowance for uncollectable receivables related to Port services at September 30, 2025 and 2024 was $ 39,949 and $ 39,949, respectively.

NOTE 4. CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended September 30, 2025:

	Useful Life in Years	Balance 10-01-24	Additions	Adjustment/ Deletions	Balance 9-30-25
Capital assets, not being depreciated:					
Land & improvements		$ 112,930,138	$ -	$(32,969)	$112,897,169
Construction in progress		11,870,707	50,811,080	(6,258,739)	56,423,048
Total capital assets, not being depreciated		124,800,845	50,811,080	(6,291,708)	169,320,217
Capital assets, being depreciated:					
Buildings	50	31,946,238	371,401	531,646	32,849,285
Docks & appurtenances	5-50	234,129,679	-	4,622,696	238,752,375
Utilities	20-50	27,397,545	-	665,144	28,062,689
Roads, lots & railways	50	52,067,795	-	140,000	52,207,795
Storage yards	50	70,198,662	-	151,709	70,350,371
Equipment, furniture & vehicles	5-50	26,555,062	339,510	(314,817)	26,579,755
Other	10-50	1,539,337	23,350	147,542	1,710,229
Total capital assets, being depreciated		443,834,318	734,261	5,943,920	450,512,499

(continued)

NOTE 4. CAPITAL ASSETS – Continued

	Useful Life in Years	Balance 10-01-24	Additions	Adjustments/ Deletions	Balance 9-30-25
Accumulated depreciation:					
Buildings		$ 16,393,364	$ 835,260	$ -	$ 17,228,624
Docks & appurtenances		30,795,845	5,260,765	-	35,056,610
Utilities		15,750,669	1,213,436	-	16,964,105
Roads, lots & railways		10,241,928	1,444,570	-	11,686,498
Storage yards		25,547,008	2,324,627	-	27,871,635
Equipment, furniture & vehicles		18,683,947	1,067,743	(314,817)	19,436,873
Other		1,447,359	36,047	-	1,483,406
Total accumulated depreciation		118,860,120	12,182,448	(314,817)	130,727,751
Total capital assets, being depreciated, net		324,974,198	(11,448,187)	6,888,373	319,784,748
Total capital assets, net		$ 449,775,043	$ 39,362,893	$ 596,665	$489,104,965

The following is a summary of capital asset activity for the year ended September 30, 2024:

	Useful Life in Years	Balance 10-01-23	Additions	Adjustment/ Deletions	Balance 9-30-24
Capital assets, not being depreciated:					
Land & improvements		$ 112,898,260	$ 31,878	$	$ 112,930,138
Construction in progress		10,854,266	13,156,501	(12,140,060)	11,870,707
Total capital assets, not being depreciated		123,752,526	13,188,379	(12,140,060)	124,800,845
Capital assets, being depreciated:					
Buildings	50	31,571,092	176,368	198,778	31,946,238
Docks & appurtenances	5-50	234,129,679	-	-	234,129,679
Utilities	20-50	25,370,154	-	2,027,391	27,397,545
Roads, lots & railways	50	47,252,287	-	4,815,508	52,067,795
Storage yards	50	65,100,279	-	5,098,383	70,198,662
Equipment, furniture & vehicles	5-50	26,382,368	281,075	(108,381)	26,555,062
Other	10-50	1,491,773	47,564	-	1,539,337
Total capital assets, being depreciated		431,297,632	505,007	12,031,679	443,834,318
Accumulated depreciation:					
Buildings		$ 15,601,582	$ 791,782	$ -	$ 16,393,364
Docks & appurtenances		25,516,914	5,278,931	-	30,795,845
Utilities		14,597,303	1,153,366	-	15,750,669
Roads, lots & railways		8,884,460	1,357,468	-	10,241,928
Storage yards		22,820,683	2,726,325	-	25,547,008
Equipment, furniture & vehicles		17,642,380	1,149,948	(108,381)	18,683,947
Other		1,440,820	6,539	-	1,447,359
Total accumulated depreciation		106,504,142	12,464,359	(108,381)	118,860,120
Total capital assets, being depreciated, net		324,793,490	(11,959,352)	12,140,060	324,974,198
Total capital assets, net		$ 448,546,016	$ 1,229,027	$ -	$ 449,775,043

PORT FREEPORT

Notes to Financial Statements
For the Years Ended September 30, 2025 and 2024

NOTE 4 CAPITAL ASSETS - Continued

The Port has entered into contracts for construction as of September 30, 2025 as follows:

	Project Authori-zation	Expended To Date	Remaining Commitment	Required Further Financing
Velasco Terminal Development	$ 29,625,121	$ 24,862,966	$ 4,762,155	$ -
Portwide Pavement Repairs	4,778,772	4,778,772	-	-
Cathodic Protection	4,026,577	3,829,923	196,654	-
East 5th/Gate 4	3,384,088	577,641	2,806,447	-
EOC HVAC Replacement	534,795	534,795	-	-
Total	$ 42,349,353	$ 34,584,097	$ 7,765,256	$ -

The Port has entered into contracts for construction as of September 30, 2024 as follows:

	Project Authori-zation	Expended To Date	Remaining Commitment	Required Further Financing
Velasco Terminal Development	$ 13,568,149	$ 2,759,765	$ 10,808,384	$ -
Freeport Harbor Channel Improvement	7,220,000	7,220,000	-	-
Portwide Pavement Repairs	4,778,772	4,755,422	23,350	-
Cathodic Protection	4,659,121	241,505	4,417,616	-
East 5th/Gate 4	150,417	19,968	130,449	-
EOC HVAC Replacement	534,795	24,355	510,440	-
Other	3,021,303	2,324,008	697,295	-
Total	$ 33,932,557	$ 17,345,023	$16,587,534	$ -

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

Non-current liabilities activity for the year ended September 30, 2025 was as follows:

	Balance 10-01-24	Additions	Reductions	Balance 9-30-25	Due Within One Year
General obligation bonds	$122,855,000	$ -	$ 1,090,000	$121,765,000	$ 1,725,000
Revenue bonds	195,235,000	-	5,635,000	189,600,000	5,865,000
Premium on bonds	21,495,653	-	865,001	20,630,652	864,949
Compensated absences	146,828	177,205	179,486	144,547	71,070
Total non-current liabilities	$339,732,481	$ 177,205	$ 7,769,487	$332,140,199	$ 8,526,019

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

Non-current liabilities activity for the year ended September 30, 2024 was as follows:

	Balance 10-01-23	Additions	Reductions	Balance 9-30-24	Due Within One Year
General obligation bonds	$122,980,000	$ -	$ 125,000	$122,855,000	$ 1,090,000
Revenue bonds	174,990,000	25,655,000	5,410,000	195,235,000	5,635,000
Purchase financing note (Note 6)	1,558,990	-	1,558,990	-	-
Premium on bonds	21,156,457	1,181,730	842,534	21,495,653	864,949
Compensated absences	138,315	155,595	147,082	146,828	79,473
Total non-current liabilities	$320,823,762	$ 26,992,325	$ 8,083,606	$339,732,481	$ 7,669,422

General Obligation Bonds Payable:

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

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

The General Obligation Bonds, Series 2023, were issued in 2023 in the amount of $ 55,800,000 to finance the contribution of the non-federal share for the Freeport Harbor Channel Improvement Project with a final maturity of August 1, 2053 and bear interest ranging from 4.0% to 5.50% per annum, payable annually on August 1.

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

For the year ended September 30, 2025 ad valorem taxes were eliminated, while the debt service requirements for principal and interest was $ 5,612,950 which utilized a portion of existing net position. For the year ended September 30, 2024, the amount of ad valorem taxes collected for interest and sinking was $ 3,430,139, while the debt service requirements for principal and interest were $ 2,193,850 which utilized a portion of existing net position. The bond resolutions provide no express remedies in the event of default and make no provision for acceleration of maturity of the bonds.

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

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

Fiscal Year Ending September 30	Principal	Interest	Total Principal and Interest
2026	$ 1,725,000	$ 4,480,750	$ 6,205,750
2027	2,860,000	4,389,524	7,249,524
2028	2,995,000	4,251,674	7,246,674
2029	3,135,000	4,112,724	7,247,724
2030	3,275,000	3,967,224	7,242,224
2031-2035	18,545,000	17,685,610	36,230,610
2036-2040	22,320,000	13,907,210	36,227,210
2041-2045	26,355,000	9,864,810	36,219,810
2046-2050	29,250,000	5,061,536	34,311,536
2051-2053	11,305,000	824,850	12,129,850
Total	$ 121,765,000	$ 68,545,912	$ 190,310,912

Revenue Bonds Payable:

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

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

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

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

Revenue Bonds Payable – Continued

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

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

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

On February 13, 2024, the Port issued $ 25,655,000 of Senior Lien Revenue Bonds, Series 2024. The proceeds of issuances of Series 2024 bonds were used to finance all or a portion of (i) the costs of the design, construction, development, improvement, and equipment of Port Facilities, including a 925-foot expansion of a berth at the Port's container handling facility, (ii) make a deposit to a debt service reserve account, and (iii) pay the costs of issuing the Bonds. The Series 2024 bonds have a final maturity date of June 1, 2043 and bear interest yearly at 4.20%.

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

Series 2013A:

Fiscal Year Ending September 30	Principal	Interest	Total Principal and Interest
2026	$ 2,540,000	$ 242,088	$ 2,782,088
2027	2,620,000	163,856	2,783,856
2028	2,700,000	83,160	2,783,160
	$ 7,860,000	$ 489,104	$ 8,349,104

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

Revenue Bonds Payable – Continued

Series 2015A:

Fiscal Year Ending September 30	Principal	Interest	Total Principal and Interest
2026	$ 990,000	$ 1,451,838	$ 2,441,838
2027	1,035,000	1,402,338	2,437,338
2028	1,090,000	1,350,588	2,440,588
2029	1,145,000	1,296,088	2,441,088
2030	1,200,000	1,238,838	2,438,838
2031-2035	6,790,000	5,411,964	12,204,964
2036-2040	8,470,000	3,721,000	12,191,000
2014-2045	10,710,000	1,488,602	12,198,602
	$ 31,430,000	$ 17,361,256	$ 48,791,256

Series 2018:

Fiscal Year Ending September 30	Principal	Interest	Total Principal and Interest
2026	$ 710,000	$ 1,275,950	$ 1,985,950
2027	750,000	1,240,450	1,990,450
2028	785,000	1,202,950	1,987,950
2029	825,000	1,163,700	1,988,700
2030	865,000	1,122,450	1,987,450
2031-2035	5,020,000	4,918,250	9,938,250
2036-2040	6,400,000	3,544,200	9,944,200
2041-2045	7,870,000	2,073,000	9,943,000
2046-2048	5,520,000	447,200	5,967,200
	$ 28,745,000	$ 16,988,150	$ 45,733,150

Series 2019A:

Fiscal Year Ending September 30	Principal	Interest	Total Principal and Interest
2026	$ 945,000	$ 1,828,350	$ 2,773,350
2027	995,000	1,781,100	2,776,100
2028	1,045,000	1,731,350	2,776,350
2029	1,095,000	1,679,100	2,774,100
2030	1,150,000	1,624,350	2,774,350
2031-2035	6,680,000	7,198,750	13,878,750
2036-2040	8,275,000	5,601,350	13,876,350
2041-2044	10,070,000	3,808,550	13,878,550
2046-2049	9,840,000	1,260,000	11,100,000
	$ 40,095,000	$ 26,512,900	$ 66,607,900

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

Revenue Bonds Payable – Continued

Series 2019B:

Fiscal Year Ending September 30	Principal	Interest	Total Principal and Interest
2026	$ 680,000	$ 870,300	$ 1,550,300
2027	715,000	836,300	1,551,300
2028	750,000	800,550	1,550,550
2029	785,000	763,050	1,548,050
2030	825,000	723,800	1,548,800
2031-2035	4,670,000	3,072,800	7,742,800
2036-2040	5,440,000	2,309,100	7,749,100
2041-2045	6,305,000	1,442,700	7,747,700
2046-2049	5,760 ,000	438,450	6,198,450
	$ 25,930,000	$ 11,257,050	$ 37,187,050

Series 2021:

Fiscal Year Ending September 30	Principal	Interest	Total Principal and Interest
2026	$ -	$ 1,326,850	$ 1,326,850
2027	-	1,326,850	1,326,850
2028	-	1,326,850	1,326,850
2029	735,000	1,326,850	2,061,850
2030	775,000	1,290,100	2,065,100
2031-2035	4,560,000	5,827,000	10,387,000
2036-2040	5,745,000	4,570,500	10,315,500
2041-2045	7,255,000	3,070,700	10,325,700
2046-2050	8,835,000	1,484,200	10,319,200
2051	1,980,000	79,200	2,059,200
	$ 29,885,000	$ 21,629,100	$ 51,514,100

Series 2024:

Fiscal Year Ending September 30	Principal	Interest	Total Principal and Interest
2026	$ -	$ 1,202,438	$ 1,202,438
2027	-	1,202,438	1,202,438
2028	-	1,202,438	1,202,438
2029	1,165,000	1,202,438	2,367,438
2030	1,235,000	1,132,538	2,637,538
2031-2035	7,390,000	4,456,988	11,846,988
2036-2040	9,320,000	2,524,488	11,844,488
2041-2043	6,545,000	555,694	7,100,694
	$ 25,655,000	$ 13,479,460	$ 39,134,460

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

Revenue Bonds Payable – Continued

Total Revenue Bonds:

Fiscal Year Ending September 30	Principal	Interest	Total Principal and Interest
2026	$ 5,865,000	$ 8,197,814	$ 14,062,814
2027	6,115,000	7,953,332	14,068,332
2028	6,370,000	7,697,886	14,067,886
2029	5,750,000	7,431,226	13,181,226
2030	6,050,000	7,132,076	13,182,076
2031-2035	35,110,000	30,885,752	65,995,752
2036-2040	43,650,000	22,270,638	65,920,638
2041-2045	48,755,000	12,439,246	61,194,246
2046-2050	29,955,000	3,629,850	33,584,850
2051-2054	1,980,000	79,200	2,059,200
	$ 189,600,000	$ 107,717,020	$ 297,317,020

NOTE 6. PURCHASE FINANCING NOTE

On September 30, 2014, the Port entered into a Master Purchase Financing Agreement with Chase Bank in the amount of $ 14,100,000 for financing two cranes purchased. The interest rate related to the note is 2.306% and the maturity date is September 2024. During the year ended September 30, 2024, $ 1,558,990 of principal and $ 35,950 of interest expenses related to the note were paid. As the lease was completed in prior year, there are no future minimum lease payments.

NOTE 7. CONTINGENT LIABILITIES

The Port is contingently liable in respect to lawsuits and other claims in the ordinary course of its operations. The potential settlement (if any) of such contingencies under the budgetary process would require appropriation of revenues yet to be realized and would not materially affect the financial position of the Port at September 30, 2025 nor 2024, respectively.

NOTE 8. LITIGATION

The Port began acquiring lots through direct purchases from a 29 block area adjacent to Port property over 20 years ago. The Port has pursued approximately 50 residential lots plus one additional tract totaling 2.6 acres through the condemnation process. Of those, only one property is pending litigation.

NOTE 9. FREEPORT HARBOR IMPROVEMENT PROJECTS

Freeport Harbor, Texas Channel Widening and Deepening project

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

On July 15, 1997, the Port and the Department of the Army approved Modification No. 4 of the agreement referred to above. As part of this modification, the U.S. Army Corps of Engineers agreed to provide specific requirements relating to the modifications to the channel and associated dredged material disposal facilities required for the project, of which funds were advanced and the federal portion payable is due back to the non-federal sponsor. $ 641,051 was reported as accounts receivable as of September 30, 2025 and 2024.

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

The Port maintains a money market account in an escrow account at a financial institution trust department, which is available for draws by the U.S. Army Corps of Engineers. Once the project is closed and the LERRDS credits are accepted, any funds remaining in the escrow account will be released for unrestricted use only upon the U.S. Army Corps of Engineer’s approval. The balances in the Escrow Funds for the year ended September 30, 2025 and 2024 were $ 10,101 and $ 10,160, respectively.

Freeport Harbor Channel Improvement Project

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

NOTE 10. LEASING OPERATIONS

Leases Receivable: The Port owns various types of property that are held for lease. There are four types of leases: ground leases, grazing leases, warehouse leases and office space leases. The terms of the leases expire in various years through 2055. The Port has not determined the cost of the specific tracts of land under lease. The cost of the lease facilities as of September 30, 2025 and 2024 was $ 101,456,364 and $ 101,456,364, respectively, and accumulated depreciation was $ 49,965,094 and $ 47,049,312, respectively.

As of September 30, 2025, the Port’s receivable for lease payments was $ 180,260,753 and the balance of the deferred inflow of resources associated with these leases was $ 164,224,887. The deferred inflow of resources associated with these leases will be recognized as revenue over the lease term. The Port recognized $14,820,260 in lease revenue and $ 5,402,237 in interest revenue during the fiscal year 2025 related to these leases.

NOTE 10. LEASING OPERATIONS - Continued

As of September 30, 2024, the Port's receivable for lease payments was $ 186,105,987 and the balance of the deferred inflow of resources associated with these leases was $ 173,036,011. The deferred inflow of resources associated with these leases will be recognized as revenue over the lease term. The Port recognized $ 13,090,382 in lease revenue and $ 5,310,509 in interest revenue during the fiscal year 2024 related to these leases.

Minimum future rentals to be received on noncancelable leases as of September 30, 2025 are as follows:

Fiscal Year Ending September 30	Principal	Interest	Total Principal and Interest
2026	$ 7,088,788	$ 5,228,882	$ 12,317,670
2027	7,479,578	5,024,155	12,503,733
2028	7,812,647	4,803,379	12,616,026
2029	7,821,482	4,571,462	12,392,944
2030	7,583,883	4,332,477	11,916,360
2031-2035	41,948,703	18,164,205	60,112,908
2036-2040	53,784,821	11,331,078	65,115,899
2041-2045	34,483,289	3,473,098	37,956,387
2046-2050	5,679,702	1,399,760	7,079,462
2051-2055	6,577,860	454,286	7,032,146
	$ 180,260,753	$ 58,782,782	$ 239,043,535

NOTE 11. GRANT REVENUE

The following is a schedule of port grant revenue for the years ended September 30, 2025 and 2024.

Agency	Grant Number	Total Entitlement	Revenue 9/30/2024	Revenue 9/30/2025	Remaining Project 9/30/2025
U.S. Environmental Protection Agency:					
Climate and Clean Air Planning	02F79001-0-5Y	1,487,000	-	10,121	1,476,879
US Department of Homeland Security:					
FEMA - Hurricane Beryl	DR-4798	2,503,850	-	196,734	2,307,116
FEMA	756353-Cat B	-	44,684	-	-
FEMA	756355-Fencing	-	58,466	-	-
Port Security	2020-PU-00466	-	123,294	-	-
Port Security	PU-05047	162,450	-	130,584	31,866
Port Security	PU-00500	529,500	-	44,142	485,358
Texas Department of Transportation:					
Rider 37 Grant	0912-31-337	6,228,128	792,991	5,435,137	-
Seaport Connectivity	9400-00-011 & 012	3,802,189	-	537,474	3,264,715
Port Capital Plan	9400-00-015	11,565,621	-	8,375,434	3,190,187
Totals		26,278,738	1,019,435	14,729,626	10,756,121

Accounts receivable related to these grants as of September 30, 2025 and 2024 totaled $ 239,236 and $ 937,878, respectively and are included in the receivables from other governments line item in the accompanying Statements of Net Position.

NOTE 12. RISK MANAGEMENT

The Port is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Port maintains commercial insurance for these types of risks. There have been no significant changes in insurance coverage, and no settlements have significantly exceeded insurance coverage for the past three years, in respect of, the fiscal years ending September 30, 2025 and 2024, respectively. The Port provides a commercial medical insurance program for its employees.

NOTE 13. RETIREMENT PLANS

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

The Port Freeport Retirement Plan ("Plan") became effective on December 1, 2000 and maintains a calendar year end. The Port contributed $ 325,478 ($ 169,617 calendar year 2025 and $ 155,861 for calendar 2024) to the plan for the year ended September 30, 2025. The Port contributed $ 215,918 ($ 155,861 calendar year 2024 and $ 60,057 for calendar 2023) to the plan for the year ended September 30, 2024. Participants do not contribute to the plan. The trustees of the plan distribute any benefits provided by the plan from net position available for plan benefits. The participants become fully vested in their account after five years of service (years 1 and 2 at 0%, year 3 at 50%, year 4 at 75%, and year 5 at 100%). All of an employee's years of vesting service with the Port are counted to determine the vesting percentage in the participant's individual account.

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

Deferred Compensation Plan: The Port also offers its employees a deferred compensation plan (457 Plan) created in accordance with Internal Revenue Code Section 457. The 457 Plan is administered by Empower and is available to all full-time employees which have worked a twelve (12) consecutive month period. The 457 Plan functions for the benefit of the employees and their beneficiaries. Participants may contribute up to the amount allowable under the provisions of the Internal Revenue Code. The Port matches participant contributions up to 3% of the participant's base wages as defined in the 457 Plan. The Port's Commission appoints the Plan trustee. The 457 Plan is not reported in the Port's basic financial statements.

NOTE 13. RETIREMENT PLANS - Continued

The 457 Plan became effective October 1, 2002 and maintains a calendar year-end. The Port contributed $ 86,617 and $ 86,668 to the 457 Plan for the years ended September 30, 2025 and 2024, respectively. The trustee of the plan distributes any benefits provided by the plan from net position available for plan benefits. Contributions made by participants vest immediately in their accounts; however, contributions made by the Port vest in the participants' accounts fully over five years of service (years 1 and 2 at 0%, year 3 at 50%, year 4 at 75% and year 5 at 100%). All of an employee's years of vesting service with the Port are counted to determine the vesting percentage in the participant's individual account. An employee must maintain 1,000 hours of service to constitute a year of vesting service, and 500 hours of service must be exceeded to avoid a break in vesting service. Forfeited invested amounts are allocated first to the payment of the plan's administrative expenses and any excess applied to reduce the Port's discretionary contributions for any plan year subsequent to the plan year for which the forfeitures arise. When a participant retires, terminates employment, or becomes disabled, he/she is entitled to receive all amounts in which he/she has a vested interest in either a lump-sum payment, periodic installments, or an annual annuity contract. Participants are allowed to make hardship withdrawals and loans as defined by the 457 Plan. The 457 Plan has met the ERISA minimum funding requirements

Fees and Forfeitures: The amount of plan fees and expenses were $ 1,200, and the amount of forfeitures was $ 8,984 as of September 30, 2025. The amount of plan fees and expenses were $ 1,200, and the amount of forfeitures was $ 8,440 as of September 30, 2024. There is no outstanding pension liability as of September 30, 2025 and 2024 since the Port made 100% of required contribution during the year.

NOTE 14. ECONOMIC DEPENDENCY

Operating Revenues: During the year ended September 30, 2025, five customers represented approximately 53%, 9%, 8%, 7% and 7% of the Port's operating revenue. During the year ended September 30, 2024, five customers represented approximately 54%, 13%, 8%, 6% and 5% of the Port's operating revenue. The loss of these customers would have a significant impact on the Port's financial position.

Ad Valorem Taxes: During the year ended September 30, 2025, one taxpayer represented approximately 17% of the total assessed valuation.

NOTE 15. TAX ABATEMENTS

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

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

NOTE 15. TAX ABATEMENTS - Continued

On September 9, 2025, the Port Freeport Commission set the fiscal year 2025 tax rate to zero dollars. As such, no tax amounts were abated for the period ending September 30, 2025.

NOTE 16. EVALUATION OF SUBSEQUENT EVENTS

The Port has evaluated subsequent events through February 11, 2026, the date which the financial statements were available to be issued.

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Key Facts

The Freeport Harbor Channel

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

Vessel Activity

In FY 2025, the Freeport Harbor Channel received 1,305 vessel arrivals, transporting approximately 36.2 million tons.

Rankings

Port Freeport currently ranks 6th in chemicals, 10th in total foreign waterborne export tonnage, and 26th in containers among all U.S. ports.

Cargo

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

Foreign Trade Zone #149

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

PORT FREEPORT

Statistical Section
For the Years Ended September 30, 2025 and 2024

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Ten Year Cargo Quantities Analysis ①
for the Fiscal Years Ended September 30, 2016 through 2025

TABLE 1

	Cargo Quantities Short Tons	Percent Total Port Tonnage
Rice	2,114,880	2.16 %
Bananas/Misc. Fruit ②	4,091,919	4.19
Misc./General Cargo ③	4,990,832	5.09
Dry Bulk Material ④	6,212,820	6.34
Liquid Bulk Material ⑤	71,702,160	73.18
Project Cargo ⑥	249,156	0.25
Steel Products	5,010,328	5.11
RoRo ⑧	3,607,194	3.68
	97,979,289	100 %

① Source-Port Freeport
② Components: Containerized Fruit/Palletized Fruit
③ Misc./General Cargoes - Components: Roll Paper, Cotton, Empty Containers, Nickel Ore
④ Components: Aggregate
⑤ Components: Liquefied Natural Gas, Liquid Bulk Naptha
⑥ Components: Windpower Components, Industry Project Components
⑧ Components: Automobiles, Equipment

Container Traffic Statistics ①
Twenty-Foot Equivalent Units (T.E.U.)
for the Fiscal Years Ended September 30, 2016 through 2025

TABLE 2

Fiscal Year	Inbound T.E.U.	Outbound T.E.U.	Total	Percent Growth/(Reduction) From Prior Year
2016	49,595	50,971	100,566	1.68
2017	48,878	51,065	99,943	(0.62)
2018	43,886	43,992	87,878	(12.07)
2019	55,809	55,793	111,602	26.99
2020	56,515	55,876	112,391	0.71
2021	43,191	44,583	87,774	(21.90)
2022	41,268	44,362	85,630	(2.44)
2023	46,720	49,286	96,006	12.12
2024	59,178	57,661	116,839	21.70
2025	94,492	93,428	187,920	60.84

① Source-Port Freeport

PORT FREEPORT

Cargo Traffic Statistics ①
for the Fiscal Years Ended September 30, 2016 through 2025

	2025		2024		2023		2022	
1. Rice	347,771	2 %	273,044	2 %	254,006	2 %	275,988	2 %
2. Bananas/Misc. Fruit ②	921,428	4	555,256	3	398,573	4	364,390	3
3. Misc./General Cargo ③	679,887	3	449,344	3	385,931	3	355,983	3
4. Dry Bulk Material ④	127,075	1	217,678	1	279,819	2	448,346	3
5. Liquid Bulk Material ⑤	17,227,443	82	13,579,778	82	8,892,135	78	10,331,027	80
6. Project Cargo ⑥	4,373	0	4,720	0	11,092	0	67,962	0
7. Steel Products	971,730	5	951,608	6	797,446	7	735,992	6
8. RoRo ⑧	630,853	3	546,016	3	400,814	4	415,073	3
Annual Port Tonnage ⑨ -Short Tons	20,910,560	100 %	16,577,444	100 %	11,419,816	100 %	12,994,761	100 %
Percent Export	85.61 %		84.84 %		83.23 %		83.87 %	
Percent Import	13.14		13.97		15.04		14.55	
Percent Domestic	1.24		1.19		1.73		1.59	

① Source-Port Freeport

② Components: Containerized Fruit/Palletized Fruit

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

④ Components: Aggregate

⑤ Components: Liquefied Natural Gas, Liquid Bulk Naptha

⑥ Components: Windpower Components, Industry Project Components

⑧ Components: Automobiles, Equipment

⑨ TARE weight not included

TABLE 3

2021		2020		2019		2018		2017		2016	
117,648	1 %	143,450	2 %	128,993	5 %	150,410	7 %	213,005	10 %	210,565	8 %
282,584	2	264,253	3	320,093	11	335,275	14	305,573	14	344,494	11
471,072	3	664,259	8	606,247	22	395,046	18	485,095	23	497,968	16
441,269	3	652,690	7	967,173	34	866,163	37	806,915	38	1,405,692	46
14,877,655	87	6,325,056	73	140,773	5	7,815	0	0	0	320,478	10
10,816	0	54,848	1	6,127	0	33,420	1	39,641	2	16,157	1
423,443	2	308,787	3	378,782	13	305,143	13	95,741	4	41,656	1
411,442	2	288,857	3	274,224	10	233,675	10	182,505	9	223,735	7
17,035,929	100 %	8,702,200	100 %	2,822,412	100 %	2,326,947	100 %	2,128,475	100 %	3,060,745	100 %
41.87 %		81.98 %		31.53 %		24.44 %		32.59 %		27.67 %	
8.47		16.59		65.83		71.05		61.91		67.34	
0.73		1.44		2.65		4.51		5.50		5.00	

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Net Position by Component
For The Years 2016 Through 2025

	2025	2024	2023	2022
Net Position:				
Net investment in capital assets	$ 295,802,273	$ 260,793,928	$ 256,735,808	$ 219,424,654
Restricted:				
Debt Service	18,386,845	19,805,666	14,583,736	12,959,784
Capital Projects	12,242	12,301	12,274	12,346
Unrestricted	(21,101,164)	(24,108,043)	(39,215,727)	(8,398,464)
Total net position	$ 293,100,196	$ 256,503,852	$ 232,116,091	$ 223,998,320

TABLE 4

2021	2020 (Restated)	2019	2018	2017 (Restated)	2016
$ 190,667,139	$ 173,876,773	$ 169,756,789	$ 182,374,412	$ 165,384,639	$ 160,808,124
13,774,098	12,458,787	6,500,048	5,267,264	3,758,737	997,405
12,799	13,297	15,744,220	11,125,416	7,091,771	3,456,647
40,504,125	55,284,914	41,289,997	22,141,241	32,959,629	37,235,517
$ 244,958,161	$ 241,633,771	$ 233,291,054	$ 220,908,333	$ 209,194,776	$ 202,497,693

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Summary of Revenues, Expenses and Changes in Net Position
For The Years 2016 Through 2025

	2025	2024	2023	2022
Operating Revenues:				
Harbor Operations:				
Wharfage	$ 20,680,192	$ 16,586,339	$ 13,826,006	$ 11,642,336
Dockage	11,398,344	9,286,192	5,854,458	6,927,659
Service, facility use and other fees	11,780,754	8,931,069	6,635,363	6,978,611
Lease income	17,786,150	17,931,761	17,675,895	17,211,374
Miscellaneous	30,029	1,404,406	2,110,261	4,524,289
Total operating revenues	61,675,468	54,139,767	46,101,983	47,284,269
Operating Expenses:				
Payroll and related	6,271,559	5,812,948	5,712,967	4,945,664
Professional services	4,049,587	3,151,985	3,134,753	2,764,373
Supplies and other	4,328,726	4,251,767	3,160,549	2,678,568
Utilities	886,180	1,055,624	959,634	719,222
Maintenance and repairs	1,281,328	1,357,231	1,176,459	1,109,624
Depreciation	12,182,448	12,464,360	8,882,682	7,914,177
Total operating expenses	28,999,828	28,093,915	23,027,044	20,131,628
Operating income (loss)	32,675,640	26,045,852	23,074,939	27,152,641
Non-Operating Revenues (Expenses):				
Ad valorum tax collections, net of collection expenses	(33,185)	3,591,264	6,610,936	6,430,433
Investment income	5,605,531	6,290,932	4,185,741	153,341
Gain (loss) on sale of capital assets	33,289	2,500	44,503	271,813
Debt interest and fees	(12,025,192)	(12,506,750)	(10,954,604)	(9,300,161)
Other	(4,000)	201,399	(20,330,383)	(45,619,399)
Total non-operating revenues (expenses)	(6,423,557)	(2,420,655)	(20,443,807)	(48,063,973)
Income (loss) before capital contributions	26,252,083	23,625,197	2,631,132	(20,911,332)
Capital contributions -grants	14,729,626	1,019,435	5,486,639	143,492
Total capital contributions	14,729,626	1,019,435	5,486,639	143,492
Extraordinary Revenues (Expenses):				
Emergency Recovery	(4,385,365)	(256,871)	0	(192,001)
Total extraordinary revenues (expenses)	(4,385,365)	(256,871)	0	(192,001)
Change in net position	$ 36,596,344	$ 24,387,761	$ 8,117,771	$ (20,959,841)

2021	2020 (Restated)	2019	2018	2017 (Restated)
$ 13,526,823	$ 10,853,640	$ 7,886,541	$ 7,274,790	$ 4,847,411
7,356,823	4,181,863	1,958,714	1,773,794	1,246,826
5,800,876	5,140,745	3,632,402	2,957,490	2,571,349
12,970,196	13,388,187	14,430,007	14,044,382	13,359,626
8,303	8,880	37,478	283,391	58,580
39,663,021	33,573,315	27,945,142	26,333,847	22,083,792
5,109,892	5,068,205	4,775,413	4,214,936	4,022,319
2,212,827	2,163,290	2,094,856	2,119,928	1,886,579
2,214,841	2,111,176	2,194,173	1,867,377	1,653,856
741,203	636,683	554,231	490,982	531,284
907,606	973,834	1,165,766	630,215	722,055
8,192,602	7,592,533	6,797,897	6,875,049	7,161,321
19,378,971	18,545,721	17,582,336	16,198,487	15,977,414
20,284,050	15,027,594	10,362,806	10,135,360	6,106,378
6,190,447	5,623,026	5,400,964	5,173,826	4,841,680
87,667	2,095,520	2,010,440	598,893	414,302
460,696				(25,722)
(8,794,637)	(7,862,024)	(4,640,871)	(3,165,919)	(2,957,986)
(14,906,065)	(6,681,232)	(846,159)	(1,276,769)	(1,764,954)
(16,961,892)	(6,824,710)	1,924,374	1,330,031	507,320
3,322,158	8,202,884	12,287,180	11,465,391	6,613,698
11,092	139,833	95,541	248,166	83,385
11,092	139,833	95,541	248,166	83,385
(8,860)				
(8,860)	0	0	0	0
$ 3,324,390	$ 8,342,717	$ 12,382,721	$ 11,713,557	$ 6,697,083

PORT FREEPORT

Property Tax Rates[3]
Direct and Overlapping Governments
for the Levy Years 2015 through 2024[1][2]

	2024	2023	2022
Port Freeport	$ 0.000000	$ 0.016007	$ 0.035000
Overlapping Governments:			
Alvin I.S.D.	1.170000	1.192300	1.377700
Alvin Community College	0.155988	0.151264	0.164145
Angleton, City of	0.492858	0.523010	0.618760
Angleton Drainage District	0.052816	0.053817	0.070000
Angleton I.S.D.	1.031900	1.034200	1.229600
Angleton-Danbury Hospital	0.083997	0.088875	0.160943
Brazoria, City of	0.609682	0.596533	0.680476
Brazoria County	0.261625	0.313948	0.341106
Brazoria County FWSD #2	0.235938	0.241091	0.172165
Brazoria County MUD #31	0.760000	0.750000	0.720000
Brazoria County MUD #32	1.350000	1.350000	1.350000
Brazoria County MUD #44	0.860000	1.500000	1.000000
Brazoria County MUD #53	1.350000	1.350000	1.350000
Brazoria County MUD #55	0.885000	0.885000	0.885000
Brazosport College	0.268793	0.264831	0.285895
Brazosport I.S.D.	0.950800	0.953300	1.133000
Clute, City of	0.465000	0.466637	0.594799
Columbia/Brazoria I.S.D.	0.955800	0.899500	1.054940
Commodore Cove I.D.	0.144275	0.144224	0.155157
Danbury, City of	0.381644	0.381644	0.584277
Brazoria County Drainage District #8 (Danbury)	0.150000	0.150000	0.170000
Danbury I.S.D.	1.086100	1.088400	1.273800
Freeport, City of	0.514967	0.533000	0.600000
Jones Creek, Village of	0.320000	0.330000	0.394925
Lake Jackson, City of	0.325929	0.327173	0.323121
Liverpool, City of	0.114359	0.114452	0.142600
Oak Manor U.D.	0.450000	0.390000	0.410000
Oyster Creek, City of	0.157431	0.173941	0.217576
Quintana, Town of	0.012561	0.013079	0.015711
Richwood, City of	0.535799	0.540587	0.606810
Surfside, Village of	0.279199	0.281508	0.334846
Sweeny, City of	0.635481	0.607158	0.730954
Sweeny Hospital District	0.368068	0.387962	0.441100
Sweeny I.S.D.	0.873100	0.873100	1.016300
Treasure Island M.U.D.	0.237396	0.229638	0.302952
Varner Creek Utility District	0.364000	0.390000	0.480000
Velasco Drainage District	0.071200	0.067288	0.074490
West Brazoria County Drainage District #11	0.014530	0.014690	0.017991
West Columbia, City of	0.617205	0.613716	0.715000

[1] Source - Brazoria County Appraisal District
[2] Property taxes are levied annually in October.
[3] Property tax rates are per $100 taxable valuation.

TABLE 6

2021	2020	2019	2018	2017	2016	2015
0.040000	$ 0.040100	$ 0.040100	$ 0.040100	$ 0.040100	$ 0.040100	$ 0.041304
1.397700	1.397700	1.397700	1.450000	1.450000	1.450000	1.417000
0.183211	0.183443	0.185862	0.187775	0.180750	0.191744	0.204009
0.633041	0.665144	0.697580	0.697580	0.707598	0.707598	0.717598
0.091153	0.109962	0.130352	0.131182	0.146855	0.155164	0.166619
1.267000	1.331300	1.385200	1.455200	1.455200	1.455200	1.455200
0.192505	0.205909	0.242259	0.258328	0.273681	0.302817	0.321751
0.680476	0.680476	0.680476	0.721976	0.721976	0.790700	0.790700
0.336530	0.342017	0.365233	0.367914	0.380234	0.457405	0.426000
0.710000	0.710000	1.220000	1.220000	1.220000	1.220000	1.250000
0.289305	0.326000	0.326000	0.365000	0.000000	0.000000	0.000000
1.350000	1.350000	1.350000	1.350000	0.000000	0.000000	0.000000
1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
1.350000	1.350000	0.000000	0.000000	0.000000	0.000000	0.000000
0.885000	0.885000	0.885000	0.885000	0.885000	0.850000	1.000000
0.309341	0.297866	0.300177	0.298500	0.303249	0.285040	0.277510
1.178700	1.181700	1.185300	1.255300	1.255300	1.255300	1.255300
0.625000	0.595392	0.625000	0.625000	0.625000	0.643000	0.659000
1.072340	1.088140	1.170340	1.258059	1.269500	1.284700	1.284700
0.208800	0.201468	0.202349	0.208164	0.204235	0.205984	0.399327
0.659094	0.697258	0.773569	0.816924	0.765672	0.768701	0.799313
0.209000	0.209378	0.232948	0.252063	0.252063	0.276115	0.307812
1.291200	1.392720	1.468350	1.604700	1.250700	1.256600	1.255000
0.600000	0.615859	0.628005	0.628005	0.628005	0.628005	0.645642
0.440000	0.440000	0.411289	0.462691	0.410000	0.410000	0.410000
0.339000	0.328977	0.348200	0.335200	0.337500	0.337500	0.360000
0.147730	0.164649	0.189288	0.189288	0.189288	0.193770	0.215304
0.540000	0.540000	0.600000	0.700000	0.500000	0.500000	0.540000
0.238518	0.238518	0.293346	0.258976	0.303816	0.303816	0.332273
0.015423	0.013426	0.014898	0.014898	0.013830	0.012938	0.013046
0.652278	0.627470	0.670204	0.670204	0.634444	0.672580	0.735680
0.334846	0.334846	0.353778	0.359506	0.359506	0.359506	0.375204
0.747062	0.701553	0.747062	0.747062	0.747062	0.747062	0.842869
0.537930	0.541299	0.541299	0.548211	0.516523	0.527302	0.510351
1.036400	1.036400	1.141700	1.211700	1.211700	1.211700	1.211700
0.382272	0.423660	0.450318	0.535735	0.531270	0.503878	0.518997
0.530000	0.570000	0.600000	0.640000	0.650000	0.710000	0.760000
0.083553	0.078150	0.084550	0.084120	0.085000	0.091501	0.093878
0.019887	0.019695	0.020000	0.020000	0.020000	0.020000	0.020000
0.770000	0.731770	0.820000	0.820000	0.820000	0.830000	0.830000

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Valuation, Exemptions and General Obligation Debt
for Fiscal Year Ended September 30, 2025
(In Thousands)

TABLE 7

2024 Market Valuation:[1] (excluding totally exempt property)		
Land, Homesite	$ 2,939,111	
Land, Non Homesite	2,689,903	
Land, Ag and Timber Market	2,642,621	
Improvement, Homesite	10,126,959	
Improvement, Non-Homesite	25,723,646	
Non Real, Personal Property	4,685,767	
Non Real, Mineral	16,157	
Total Market Value Before Exemptions		$ 48,824,164
Less Exemptions/Reductions at 100% Market Value:		
Homestead Exemptions	$ 3,020,563	
Over 65 Homesteads Exemptions	2,369,339	
Disabled Exemptions	147,386	
Abatements	11,663,541	
Freeport Loss	744,889	
Pollution Control	2,184,399	
Productivity Loss	2,606,858	
Tax Exempt	2,458,500	
Other	59,813	
Total Exemptions		$ 25,255,288
Net 2024 Taxable Valuation		$ 23,568,876

[1] Source - Brazoria County Appraisal District. Valuations shown are certified taxable values reported to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

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Taxable and Estimated Valuation of Properties Located
Within the Port Taxing District [1] for the Fiscal Years 2016 through 2025
(In Thousands)

TABLE 8

Fiscal Year	Estimated Market Value Real Property	Estimated Market Value Personal Property	Less: Tax-Exempt Property	Taxable Valuation	Percent Growth (Reduction) From Prior Year	Total Direct Tax Rate [2]
2016	14,362,925	2,826,243	6,113,078	11,076,090	6.88 %	0.041304
2017	16,996,743	2,609,001	7,843,409	11,762,335	6.20	0.040100
2018	20,489,956	2,724,994	10,645,525	12,569,425	6.86	0.040100
2019	25,063,315	3,220,040	14,708,104	13,575,251	8.00	0.040100
2020	27,275,022	3,742,847	17,042,383	13,975,486	2.95	0.040100
2021	32,561,006	4,056,672	21,679,903	14,937,775	6.89	0.040100
2022	33,670,681	3,955,198	22,120,276	15,505,603	3.80	0.040000
2023	37,671,210	4,394,678	23,593,014	18,472,874	19.14	0.035000
2024	42,502,828	4,806,511	26,012,831	21,296,508	15.29	0.016007
2025	44,122,239	4,701,925	25,255,288	23,568,876	10.67	0.000000
Taxable Valuation 2016-2025					112.79	

[1] Source - Brazoria County Appraisal District
[2] Property tax rates are per $100 taxable valuation.

PORT FREEPORT

Property Tax Levies and Collections[1]
for the Fiscal Years 2016 through 2025

TABLE 9

Fiscal Year	Total[2] Levy Amount	Levy Adjustments	Adjusted Levy Amount	Total Current Year Collections	Percent of Current Year Collections	Delinquent Tax Collections	Total Gross Collections	Percent of Total Collections
2016	4,701,834	126,869	4,574,965	4,659,846	99.11	62,618	4,722,464	100.44
2017	4,716,780	141,011	4,575,769	4,806,562	101.90	80,923	4,887,485	103.62
2018	5,040,346	144,429	4,895,917	5,129,495	101.77	87,072	5,216,567	103.50
2019	5,443,667	13,570	5,430,097	5,381,510	98.86	101,519	5,483,029	100.72
2020	5,604,169	37,700	5,641,869	5,590,018	99.75	91,465	5,681,483	101.38
2021	5,990,048	230,845	6,220,893	6,172,165	103.04	87,179	6,259,344	104.50
2022	6,202,346	243,024	6,445,370	6,386,489	102.97	49,727	6,436,216	103.77
2023	6,468,833	171,508	6,565,734	6,577,440	101.68	122,403	6,699,843	103.57
2024	3,410,139	172,398	3,582,537	3,532,378	103.58	70,782	3,603,160	105.66
2025	-	-	-	-	- n/a	-	-	n/a

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

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

PORT FREEPORT

Principal Taxpayers[1]
Current Year and Nine Years Ago

September 30, 2025
(In Thousands)

TABLE 10

Entity	2024 Market Valuation	Percent of Total Market Valuation	2024[2] Taxable Valuation	Percent of Total Taxable Valuation
Dow Chemical Company	$ 5,148,218	10.54 %	$ 4,108,465	17.43 %
Phillips 66 Company	3,493,544	7.16	897,833	3.81
Olin Chlorine #7 LLC	572,629	1.17	555,627	2.36
Blue Cube Operations LLC	744,578	1.53	527,060	2.24
Chevron Phillips Chemical Company	1,952,043	4.00	379,892	1.61
BASF Corp. Chemicals Div.	395,333	0.81	274,712	1.17
YARA Freeport LLC	261,185	0.53	261,185	1.11
Seaway Crude Pipeline	269,340	0.55	261,383	1.11
Myrtle Solar LLC	276,098	0.57	276,098	1.17
Phillips 66 Company	534,539	1.09	253,100	1.07
TOTAL	$ 13,647,507	27.95 %	$ 7,795,355	33.08 %

September 30, 2016
(In Thousands)

TABLE 10

Entity	2015[2] Market Valuation	Percent of Total Market Valuation	2015 Taxable Valuation	Percent of Total Taxable Valuation
Dow Chemical Company	$ 3,044,725	17.71 %	$ 2,339,300	21.12 %
Phillips 66 Company	1,140,880	6.64	609,486	5.50
Chevron Phillips Chemical Company	599,813	3.49	502,786	4.54
BASF Corp. Chemicals Div.	706,512	4.11	493,754	4.46
Freeport LNG	206,082	1.20	163,202	1.47
Shintech, Inc.	160,809	0.94	125,979	1.14
Air Liquide Large Industries	114,972	0.67	113,836	1.03
Freeport Energy Center	104,859	0.61	104,859	0.95
Seaway Crude Pipeline	107,099	0.62	101,709	0.92
Sweeny Cogenerations Ltd	99,626	0.58	93,145	0.84
TOTAL	$ 6,285,377	36.57 %	$ 4,648,056	41.97 %

[1] Source - Brazoria County Appraisal District

[2] Property taxes levied for the 2024 fiscal year were based on 2023 taxable valuations.

[3] Property taxes levied for the 2015 fiscal year were based on 2014 taxable valuations.

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Computation of Direct and Overlapping
Bonded Debt of General Obligation Bond Issues
September 30, 2025

TABLE 11

Taxing Entity	Net Bonded Debt Amount	As of	Percent Overlapping	Amount Overlapping
Alvin College	$ 17,050,000	9-30-25	11.10 %	$ 1,892,550
Alvin ISD	1,053,710,000	9-30-25	11.05	116,434,955
Alvin, City of	55,695,000	9-30-25	0.59	328,601
Angleton ISD	313,010,000	9-30-25	70.35	220,202,535
Angleton, City of	38,868,000	9-30-25	100.00	38,868,000
Brazoria Co	226,118,313	9-30-25	55.51	125,518,276
Brazoria Co FWSD # 2	1,914,000	9-30-25	100.00	1,914,000
Brazoria Co MUD # 31	36,715,000	9-30-25 [2]		0
Brazoria Co MUD # 32	38,065,000	9-30-25	82.82	31,525,433
Brazoria Co MUD # 44	12,030,000	9-30-25	100.00	12,030,000
Brazoria Co MUD # 53	51,650,000	9-30-25	100.00	51,650,000
Brazoria Co MUD # 55	96,230,000	9-30-25	69.13	66,523,799
Brazoria, City of	6,730,000	9-30-25	100.00	6,730,000
Brazosport College Dist	48,865,000	9-30-25	100.00	48,865,000
Brazosport ISD	271,605,000	9-30-25	100.00	271,605,000
Clute, City of	9,865,000	9-30-25	100.00	9,865,000
Columbia-Brazoria ISD	101,450,000	9-30-25	100.00	101,450,000
Damon ISD	215,000	9-30-25	100.00	215,000
Danbury ISD	14,095,000	9-30-25	100.00	14,095,000
Freeport, City of	10,560,000	9-30-25	100.00	10,560,000
Iowa Colony, City of	13,110,000	9-30-25	45.00	5,899,500
Lake Jackson, City of	61,850,000	9-30-25	100.00	61,850,000
Manvel, City of	95,610,000	9-30-25	1.28	1,223,808
Rancho Isabella MUD	8,690,000	9-30-25	88.02	7,648,938
Richwood, City of	7,695,000	9-30-25	100.00	7,695,000
Surfside Beach Village	1,111,000	9-30-25	100.00	1,111,000
Sweeny ISD	73,680,000	9-30-25	79.47	58,553,496
Sweeny, City of	7,495,000	9-30-25	100.00	7,495,000
Varner Creek UD	5,235,000	9-30-25	100.00	5,235,000
Velasco DD	3,775,000	9-30-25	100.00	3,775,000
West Columbia, City of	5,380,000	9-30-25	100.00	5,380,000
Sub-total Bonded Debt	$ 2,688,071,313	Sub-total Overlapping Debt		$ 1,296,139,891
Port Freeport	$ 121,765,000	9-30-25	100.00 %	$ 121,765,000
Total Direct & Overlapping General Obligation Issue Debt	$ 2,809,836,313			$ 1,417,904,891
Ratio of Overlapping Debt to Direct 2023 Taxable Valuation				0.060 %

[1] Source: Municipal AdvisoryCouncil of Texas

PORT FREEPORT

Ratio of Outstanding Debt by Type
for the Fiscal Years Ended September 30, 2016 through 2025
(In Thousands)

TABLE 12

Fiscal Year Ending September 30	General Obligation Bonds	Revenue Bonds	Purchase Financing Note	Total	Estimated Personal Income[1]	Estimated County Population[2]	Percentage of Personal Income	Per Capita
2016	$ 3,355	$ 67,187	$ 11,531	$ 82,073	$ 6,997,340	350	1.1729 %	$ 235
2017	2,279	64,567	10,202	77,048	6,997,340	350	1.1011	220
2018	1,159	96,242	8,842	106,243	7,112,480	355	1.4938	299
2019	35,319	92,896	7,451	135,666	12,597,469	376	1.0769	361
2020	35,071	170,406	6,028	211,505	18,092,612	372	1.1690	569
2021	74,054	201,613	4,572	280,239	14,225,736	383	1.9699	732
2022	73,220	196,037	3,083	272,340	13,183,663	372	2.0657	732
2023	128,870	190,257	1,559	320,686	13,846,250	372	2.3160	862
2024	128,527	211,059	-	339,586	15,506,624	372	2.1899	913
2025	127,218	204,777	-	331,996	17,197,539	413	1.9305	805

[1] Source United States Census Bureau
[2] Source Texas State Data Center

PORT FREEPORT

Ratio of Net General Bonded Debt to Taxable Value
and to Net Bonded Debt Per Capita[1][2]
(In Thousands)
For Fiscal Years 2016 through 2025

TABLE 13

Fiscal Year	Taxable Valuation	Gross General Bonded Debt	Debt Service Restricted Cash	Net General Bonded Debt	Ratio of Net Bonded Debt to Taxable Value	Estimated Population	Net Bonded Debt Per Capita
2016	$ 11,076,090	$ 3,355	$ 201	$ 3,154	0.0003	350	$ 9
2017	11,762,335	2,279	108	2,171	0.0002	350	6
2018	12,569,425	1,159	115	1,044	0.0001	355	3
2019	13,575,251	35,319	129	35,190	0.0026	376	94
2020	13,975,486	35,071	132	34,939	0.0025	372	94
2021	14,937,775	74,054	249	73,805	0.0049	383	193
2022	15,505,603	73,220	74	73,146	0.0047	372	197
2023	18,472,874	128,870	1,033	127,837	0.0069	372	344
2024	21,296,508	128,527	569	127,958	0.0060	372	344
2025	23,568,876	127,218	6,486	120,732	0.0051	413	292

[1] Source: Texas State Data Center

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

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Pledged Revenue Bond Indebtedness Coverage
for Fiscal Years 2016 through 2025
(In Thousands)

	2025	2024	2023	2022
Operating Revenue	$ 61,675	$ 54,140	$ 46,102	$ 47,284
Operating Expenses (Net of Depreciation)	(16,817)	(15,630)	(14,144)	(12,217)
Ad Valorem Tax Collections [3]	(33)	3,591	3,409	3,779
Investment Income	5,606	6,291	1,417	344
Other Income	14,730	1,220	5,487	144
Net Revenues Available for Debt Service On Revenue Obligations	$ 65,161	$ 49,612	$ 42,271	$ 39,334
Annual Revenue Bonded Debt Service	$ 14,063	$ 14,067	$ 12,864	$ 12,864
Percent of Coverage	463%	353%	329%	306%
Maximum Revenue Bond Debt Service	$ 14,068	$ 14,068	$ 12,866	$ 12,866
Percent of Coverage [1]	463%	353%	329%	306%

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

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

TABLE 14

2021	2020	2019	2018	2017	2016
$ 39,663	$ 33,573	$ 27,945	$ 26,334	$ 22,084	$ 21,685
(11,186)	(10,953)	(10,784)	(9,323)	(8,816)	(9,163)
4,167	4,129	4,236	3,992	3,675	3,519
36	601	1,020	596	409	287
257					382
$ 32,937	$ 27,350	$ 22,417	$ 21,599	$ 17,352	$ 16,710
$ 12,578	$ 11,531	$ 7,204	$ 6,718	$ 5,215	$ 5,226
262%	237%	311%	322%	333%	320%
$ 12,866	$ 11,539	$ 7,217	$ 7,217	$ 5,227	$ 5,227
256%	237%	311%	299%	332%	320%

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Summary of Annual Cash Requirements on Debt Outstanding
September 30, 2025

Fiscal Year Ending September 30	General Obligation Bonds Series 2019	General Obligation Bonds Series 2021	General Obligation Bonds Series 2023	Senior Lien Revenue Refunding Bonds Series 2013A	Senior Lien Revenue and Refunding Bonds Series 2015A	Senior Lien Revenue Refunding Bonds Series 2018
2026	$ 1,910,712	$ 894,250	$ 3,400,788	$ 2,782,088	$ 2,441,838	$ 1,985,950
2027	1,914,212	1,934,250	3,401,063	2,783,856	2,437,338	1,990,450
2028	1,910,712	1,932,650	3,403,313	2,783,160	2,440,588	1,987,950
2029	1,910,462	1,934,450	3,402,813		2,441,088	1,988,700
2030	1,913,212	1,929,450	3,399,563		2,438,838	1,987,450
2031	1,914,300	1,932,850	3,403,563		2,440,838	1,989,200
2032	1,913,800	1,934,250	3,399,313		2,439,276	1,988,700
2033	1,910,600	1,931,300	3,402,063		2,440,650	1,985,950
2034	1,911,000	1,932,300	3,401,313		2,438,062	1,985,950
2035	1,909,800	1,932,100	3,402,063		2,443,138	1,988,450
2036	1,912,000	1,929,500	3,404,063		2,440,450	1,988,200
2037	1,912,400	1,931,400	3,402,063		2,438,700	1,990,200
2038	1,912,600	1,932,700	3,401,063		2,438,200	1,989,200
2039	1,909,800	1,933,400	3,403,863		2,438,700	1,990,200
2040	1,910,200	1,933,500	3,398,663		2,434,950	1,986,400
2041	1,913,600	1,933,000	3,400,663		2,436,950	1,990,600
2042	1,909,800	1,931,900	3,399,463		2,438,976	1,987,400
2043	1,914,000	1,930,200	3,400,063		2,441,950	1,987,000
2044	1,910,800	1,932,900	3,402,263		2,440,650	1,989,200
2045	1,910,400	1,929,900	3,400,863		2,440,076	1,988,800
2046	1,912,600	1,931,300	3,400,863			1,990,800
2047	1,912,200	1,932,000	3,402,063			1,990,000
2048	1,909,200	1,932,000	3,399,263			1,986,400
2049	1,913,600	1,931,300	3,402,463			
2050		1,929,900	3,402,788			
2051		1,927,800	3,403,369			
2052			3,399,000			
2053			3,399,670			
	$ 45,882,010	$ 49,190,550	$ 95,238,352	$ 8,349,104	$ 48,791,256	$ 45,733,150

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TABLE 15

Senior Lien Revenue Bonds, Series 2019A	Senior Lien Revenue Bonds, Series 2019B	Senior Lien Revenue Bonds, Series 2021	Senior Lien Revenue Bonds, Series 2024	Total
$ 2,773,350	$ 1,550,300	$ 1,326,850	$ 1,202,438	$ 20,268,563
2,776,100	1,551,300	1,326,850	1,202,438	21,317,856
2,776,350	1,550,550	1,326,850	1,202,438	21,314,560
2,774,100	1,548,050	2,061,850	2,367,438	20,428,950
2,774,350	1,548,800	2,065,100	2,367,538	20,424,300
2,776,850	1,547,550	2,061,350	2,368,438	20,434,938
2,776,350	1,549,300	2,065,850	2,369,838	20,436,676
2,772,850	1,547,000	2,063,100	2,371,438	20,424,950
2,776,350	1,548,950	2,123,350	2,367,938	20,485,212
2,776,350	1,550,000	2,073,350	2,369,338	20,444,588
2,777,550	1,550,150	2,063,350	2,368,138	20,433,400
2,776,350	1,549,400	2,061,350	2,369,338	20,431,200
2,772,750	1,547,750	2,061,850	2,367,738	20,423,850
2,776,750	1,550,200	2,064,600	2,368,338	20,435,850
2,772,950	1,551,600	2,064,350	2,370,938	20,423,550
2,776,550	1,546,950	2,066,100	2,367,819	20,432,231
2,777,150	1,551,400	2,064,600	2,366,400	20,427,089
2,774,750	1,549,650	2,063,800	2,366,479	20,427,884
2,774,350	1,551,850	2,065,800		18,067,813
2,775,750	1,547,850	2,065,400		18,059,039
2,777,000	1,547,800	2,062,600		15,622,963
2,772,750	1,551,550	2,062,400		15,622,963
2,773,000	1,548,950	2,064,600		15,613,413
2,777,250	1,550,150	2,064,000		13,638,763
		2,065,600		7,398,288
		2,059,200		7,390,369
				3,399,000
				3,399,681
$ 66,607,900	$ 37,187,050	$ 51,514,100	$ 39,134,460	$ 487,627,939

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Summary of Annual Cash Requirements on
General Obligation Debt Outstanding
September 30, 2025

TABLE 16

Fiscal Year Ending September 30	General Obligation Bonds Series 2019	General Obligation Bonds Series 2021	General Obligation Bonds Series 2023	Total
2026	$ 1,910,712	$ 894,250	$ 3,400,788	$ 6,205,750
2027	1,914,212	1,934,250	3,401,063	7,249,525
2028	1,910,712	1,932,650	3,403,313	7,246,675
2029	1,910,462	1,934,450	3,402,813	7,247,725
2030	1,913,212	1,929,450	3,399,563	7,242,225
2031	1,914,300	1,932,850	3,403,563	7,250,713
2032	1,913,800	1,934,250	3,399,313	7,247,363
2033	1,910,600	1,931,300	3,402,063	7,243,963
2034	1,911,000	1,932,300	3,401,313	7,244,613
2035	1,909,800	1,932,100	3,402,063	7,243,963
2036	1,912,000	1,929,500	3,404,063	7,245,563
2037	1,912,400	1,931,400	3,402,063	7,245,863
2038	1,912,600	1,932,700	3,401,063	7,246,363
2039	1,909,800	1,933,400	3,403,863	7,247,063
2040	1,910,200	1,933,500	3,398,663	7,242,363
2041	1,913,600	1,933,000	3,400,663	7,247,263
2042	1,909,800	1,931,900	3,399,463	7,241,163
2043	1,914,000	1,930,200	3,400,063	7,244,263
2044	1,910,800	1,932,900	3,402,263	7,245,963
2045	1,910,400	1,929,900	3,400,863	7,241,163
2046	1,912,600	1,931,300	3,400,863	7,244,763
2047	1,912,200	1,932,000	3,402,063	7,246,263
2048	1,909,200	1,932,000	3,399,263	7,240,463
2049	1,913,600	1,931,300	3,402,463	7,247,363
2050		1,929,900	3,402,788	5,332,688
2051		1,927,800	3,403,369	5,331,169
2052			3,399,000	3,399,000
2053			3,399,670	3,399,681
	$ 45,882,010	$ 49,190,550	$ 95,238,352	$ 190,310,912

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General Obligation Bonds, Series 2019 (Non-AMT)
September 30, 2025

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
						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	-
		$ 8,336,005	$ 8,336,005	$ 29,210,000	$ 45,882,010	

PORT FREEPORT

General Obligation Bonds, Series 2021 (Non-AMT)
September 30, 2025

TABLE 18

Fiscal Year Ending September 30	Coupon	Interest Due February 1	Interest Due August 1	Principal Due August 1	Total Principal & Interest	Principal Balance
						$ 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
		$ 6,027,775	$ 6,027,775	$ 37,135,000	$ 49,190,550	

PORT FREEPORT

General Obligation Bonds, Series 2023 (Non-AMT)
September 30, 2025

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
						$ 55,420,000
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	-
		$ 19,909,181	$ 19,909,181	$ 55,420,000	$ 95,238,363	

PORT FREEPORT

Summary of Annual Cash Requirements on Revenue Debt Outstanding
September 30, 2025

TABLE 20

Fiscal Year Ending September 30	Senior Lien Revenue Refunding Bonds Series 2013A	Senior Lien Revenue and Refunding Bonds Series 2015A	Senior Lien Revenue Refunding Bonds Series 2018	Senior Lien Revenue Bonds, Series 2019A	Senior Lien Revenue Bonds, Series 2019B	Senior Lien Revenue Bonds, Series 2021	Senior Lien Revenue Bonds, Series 2024	Total
2026	$ 2,782,088	$ 2,441,838	$ 1,985,950	$ 2,773,350	$ 1,550,300	$ 1,326,850	$ 1,202,438	$ 14,062,814
2027	2,783,856	2,437,338	1,990,450	2,776,100	1,551,300	1,326,850	1,202,438	14,068,332
2028	2,783,160	2,440,588	1,987,950	2,776,350	1,550,550	1,326,850	1,202,438	14,067,886
2029		2,441,088	1,988,700	2,774,100	1,548,050	2,061,850	2,367,438	13,181,226
2030		2,438,838	1,987,450	2,774,350	1,548,800	2,065,100	2,367,538	13,182,076
2031		2,440,838	1,989,200	2,776,850	1,547,550	2,061,350	2,368,438	13,184,226
2032		2,439,276	1,988,700	2,776,350	1,549,300	2,065,850	2,369,838	13,189,314
2033		2,440,650	1,985,950	2,772,850	1,547,000	2,063,100	2,371,438	13,180,988
2034		2,438,062	1,985,950	2,776,350	1,548,950	2,123,350	2,367,938	13,240,600
2035		2,443,138	1,988,450	2,776,350	1,550,000	2,073,350	2,369,338	13,200,626
2036		2,440,450	1,988,200	2,777,550	1,550,150	2,063,350	2,368,138	13,187,838
2037		2,438,700	1,990,200	2,776,350	1,549,400	2,061,350	2,369,338	13,185,338
2038		2,438,200	1,989,200	2,772,750	1,547,750	2,061,850	2,367,738	13,177,488
2039		2,438,700	1,990,200	2,776,750	1,550,200	2,064,600	2,368,338	13,188,788
2040		2,434,950	1,986,400	2,772,950	1,551,600	2,064,350	2,370,938	13,181,188
2041		2,436,950	1,990,600	2,776,550	1,546,950	2,066,100	2,367,819	13,184,969
2042		2,438,976	1,987,400	2,777,150	1,551,400	2,064,600	2,366,400	13,185,926
2043		2,441,950	1,987,000	2,774,750	1,549,650	2,063,800	2,366,479	13,183,629
2044		2,440,650	1,989,200	2,774,350	1,551,850	2,065,800		10,821,850
2045		2,440,076	1,988,800	2,775,750	1,547,850	2,065,400		10,817,876
2046			1,990,800	2,777,000	1,547,800	2,062,600		8,378,200
2047			1,990,000	2,772,750	1,551,550	2,062,400		8,376,700
2048			1,986,400	2,773,000	1,548,950	2,064,600		8,372,950
2049				2,777,250	1,550,150	2,064,000		6,391,400
2050						2,065,600		2,065,600
2051						2,059,200		2,059,200
	$ 8,349,104	$ 48,791,256	$ 45,733,150	$ 66,607,900	$ 37,187,050	$ 51,514,100	$ 39,134,460	$ 297,317,020

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Senior Lien Revenue Refunding Bonds, Series 2013A (AMT)
September 30, 2025

TABLE 21

Fiscal Year Ending September 30	Coupon	Interest Due December 1	Interest Due June 1	Principal Due June 1	Total Principal & Interest	Principal Balance
						$ 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
		$ 244,552	$ 244,552	$ 7,860,000	$ 8,349,104	

PORT FREEPORT

Senior Lien Revenue and Refunding Bonds, Series 2015A (AMT)
September 30, 2025

TABLE 22

Fiscal Year Ending September 30	Coupon	Interest Due December 1	Interest Due June 1	Principal Due June 1	Total Principal & Interest	Principal Balance
						$ 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
		$ 8,680,628	$ 8,680,628	$ 31,430,000	$ 48,791,256	

PORT FREEPORT

Senior Lien Revenue Refunding Bonds, Series 2018 (AMT)
September 30, 2025

TABLE 23

Fiscal Year Ending September 30	Coupon	Interest Due December 1	Interest Due June 1	Principal Due June 1	Total Principal & Interest	Principal Balance
						$ 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	
		$ 8,494,075	$ 8,494,075	$ 28,745,000	$ 45,733,150	

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Senior Lien Revenue Bonds, Series 2019A (AMT)
September 30, 2025

TABLE 24

Fiscal Year Ending September 30	Coupon	Interest Due 1-Dec	Interest Due 1-Jun	Principal Due 1-Jun	Total Principal & Interest	Principal Balance
						$ 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	
		$ 13,256,450	$ 13,256,450	$ 40,095,000	$ 66,607,900	

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Senior Lien Revenue Bonds, Series 2019B (NON-AMT)
September 30, 2025

TABLE 25

Fiscal Year Ending September 30	Coupon	Interest Due 1-Dec	Interest Due 1-Jun	Principal Due 1-Jun	Total Principal & Interest	Principal Balance
						$ 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
		$ 5,628,525	$ 5,628,525	$ 25,930,000	$ 37,187,050	

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Senior Lien Revenue Bonds, Series 2021 (AMT)
September 30, 2025

TABLE 26

Fiscal Year Ending September 30	Coupon	Interest Due December 1	Interest Due June 1	Principal Due June 1	Total Principal & Interest	Principal Balance
						$ 29,885,000
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	
		$ 10,814,550	$ 10,814,550	$ 29,885,000	$ 51,514,100	

PORT FREEPORT

Senior Lien Revenue Bonds, Series 2024 (AMT)
September 30, 2025

TABLE 27

Fiscal Year Ending September 30	Coupon	Interest Due December 1	Interest Due June 1	Principal Due June 1	Total Principal & Interest	Principal Balance
						$ 25,655,000
2026	- %	$ 601,219	$ 601,219	$ -	$ 1,202,438	25,655,000
2027	-	601,219	601,219	-	1,202,438	25,655,000
2028	-	601,219	601,219	-	1,202,438	25,655,000
2029	6.000	601,219	601,219	1,165,000	2,367,438	24,490,000
2030	6.000	566,269	566,269	1,235,000	2,367,538	23,255,000
2031	6.000	529,219	529,219	1,310,000	2,368,438	21,945,000
2032	6.000	489,919	489,919	1,390,000	2,369,838	20,555,000
2033	6.000	448,219	448,219	1,475,000	2,371,438	19,080,000
2034	6.000	403,969	403,969	1,560,000	2,367,938	17,520,000
2035	4.000	357,169	357,169	1,655,000	2,369,338	15,865,000
2036	4.000	324,069	324,069	1,720,000	2,368,138	14,145,000
2037	4.000	289,669	289,669	1,790,000	2,369,338	12,355,000
2038	4.000	253,869	253,869	1,860,000	2,367,738	10,495,000
2039	4.000	216,669	216,669	1,935,000	2,368,338	8,560,000
2040	4.125	177,969	177,969	2,015,000	2,370,938	6,545,000
2041	4.125	136,409	136,409	2,095,000	2,367,819	4,450,000
2042	4.125	93,200	93,200	2,180,000	2,366,400	2,270,000
2043	4.250	48,238	48,238	2,270,000	2,366,475	
		$ 6,739,728	$ 6,739,728	$ 25,655,000	$ 39,134,456	

PORT FREEPORT

Table 28, Miscellaneous Statistical Data

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

Date of Incorporation	1925
Form of Government	A political subdivision of the state of Texas
Number of Employees	42
Geographical Location	Southeast Coast of Texas on the Gulf of Mexico Approximately 60 miles South of Houston
Port Owned Property	Approximately 900 acres developed Approximately 350 acres environmentally mitigated 1,800 acres identified for industrial development
Elevation	3-12 feet above sea level
Tidal Range-Inner Harbor	Plus (minus) 2.5 feet
Aerial Clearance	No restriction
Climate Type	Sub-tropical
Temperature - Annual Average	71.6 degrees F.
Precipitation - Annual Average	57.24
Number of Public Docks	7 (not including 4 public private partnership docks)
Covered Dry Warehouse Space	434,400 square feet
Port Freeport's Total Foreign Tonnage Ranking Among U.S. Ports ①	11th highest
Port Freeport's Total Foreign Waterborne Tonnage① (public and private facilities)	34.6 million
Port Freeport's Container Handling Ranking Among U.S. Ports ②	26th highest
Total Containers	96,086TEU
Central America, South America, Middle East, Africa, EU, and Asia	
Liquefied Natural Gas, liquefied petroleum gas, crude oil, bulk petrochemicals, natural gas liquids, containerized cargo, refrigerated fresh fruit, rice, new and used automobiles, high and heavy construction equipment, limestone aggregate, project cargo, plastic resins, steel products	
Number of Truck Lines Serving Port Freeport	12
Number of Barge Lines Serving Port Freeport	3
Number of Railroad Lines Serving Port Freeport	1
Number of Shipping Lines Calling Port Freeport	19
Foreign Trade Zone (FTZ) No. 149	Established in 1988
FTZ 149 service area	Brazoria and Ft. Bend County, Texas
Area of County	1,386.4 square miles
Brazoria County's Total Assessed Valuation Among Texas Counties ④	11th highest without exemptions
Brazoria County's Total Population Ranking Among All Texas Counties ③	14th highest
Brazoria County's Total Area Ranking Among All Texas Counties ③	27th highest
Economic Impact to Region and State	$98.8 billion total annually / $9.0 billion personal income, 150,651 jobs economy-wide directly or indirectly supported by operations
Economic Impact to Nation	$149 billion total annually / $5.4 billion in federal tax revenues, 279,780 jobs economy-wide directly or indirectly supported by operations

①Source - Port Freeport analysis of U.S. Census Bureau trade data for calendar year 2020.
②Source - Port Freeport analysis of U.S. Census Bureau trade data for calendar year 2020.
③Source - Texas Demographic Center
④ Source - Brazoria County Appraisal District

PORT FREEPORT

History of the Port

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

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

The Brazos River Harbor Navigation District was created on the 4th day of December 1925 by an action of the voters who also approved the issuance of $ 989,000 of ad valorem tax bonds to be utilized for the elimination of the river jetty siltation - shoaling problems by diversion of the "live" Brazos River to another course for its final flow to the Gulf of Mexico and to construct a bridge over the Diversion Channel. The Diversion Channel was completed in September 1929, making way for the District to dredge the old River Harbor Channel. On December 14, 1925, the Brazoria County Commissioners signed the order and appointed three commissioners to the Board of Navigation and Canal Commissioners.

In 1940, The Dow Chemical Company purchased a 640-acre tract at the bend of the River Harbor Channel, including three miles of harbor frontage, to construct Dow Plant A, the largest magnesium extraction plant in the world.

During World War II, the Government Defense Corporation constructed an aviation gasoline refinery at Sweeny and marine loading facilities at the Freeport Harbor. These facilities were later sold to Phillips Petroleum, now known as Phillips 66.

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

In 1960, the size of the elected number of Commissioners was increased from three to six positions by an act of the Texas Legislature.

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

In May 1969, the Board of Navigation and Canal Commissioners authorized the issuance of $ 865,000 of Port Revenue Bonds for the construction of a 60,000-square-foot warehouse, known as Warehouse 53, as well as modifications and improvements to other District warehouses, transit sheds and dock facilities.

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

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

On June 2, 1985, then Texas Governor Mark White signed a bill authorizing the Brazos River Harbor Navigation District to apply for and to accept, operate and maintain a Foreign-Trade Zone within its boundaries. The Foreign-Trade Zones Board on June 28, 1988, issued Order No. 385 approving the establishment of Foreign-Trade Zone No. 149 at

PORT FREEPORT

History of the Port

specific sites located within the jurisdiction of the Brazos River Harbor Navigation District. On July 18, 1988, authorization to "activate" sites of Foreign-Trade Zone No. 149 were issued by the District Director of the U. S. Customs Service and on July 19, 1988, the first goods were received into Foreign-Trade Zone No. 149.

In 1962, the District requested the U. S. Army Corps of Engineers to study the widening and deepening of the Freeport jetty system, channels, and harbor to improve navigation and to accommodate the larger ships that were first appearing at this time and were forecasted to be standard fleet size soon. Twenty-four years later, on November 17, 1986, President Ronald Reagan signed "The Water Resources Development Act of 1986" which authorized the first new waterway construction starts since 1976. The authorization included the Freeport Harbor, Texas, 45-Foot Project, at an estimated total project cost of $ 88,600,000 of which $ 29,200,000 was non-federal/local expense. To satisfy the recreational requirements of the project, the District completed the $ 1,000,000 Surfside Jetty Park Complex in 1994, and through an Interlocal Cooperation Agreement with Brazoria County, turned the park over to the Brazoria County Parks Department for operation and maintenance.

In 1987, BASF Corporation completed a marine unloading facility for the import of ammonia to supply the BASF Freeport manufacturing site.

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

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

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

In September 1995, the Board of Navigation and Canal Commissioners entered into a lease agreement with Chiquita Brands, Inc. for the construction of a Green Fruit Terminal on leased Port lands. The terminal includes space for up to 200 containers on chassis, interchange, and maintenance facilities, as well as modular office units at a total cost of $ 2.5 million. Terminal operations commenced in March 1996. $ 3,265,000 of Port Revenue Bonds were issued to finance the Green Fruit Terminal as well as renovations to Berth No. 1.

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

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

In 1999, the main Port entrance was rebuilt and widened, the 30-plus year-old pavement west of the rail crossing on Pete Schaff Blvd. was replaced, and the final phase of a 5-acre open storage yard was completed. In 2000, the Deep Berthing Area was dredged to a depth of 70 feet, making it one of only two 70-foot-deep berthing areas in the Upper Gulf Coast.

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The first phase of Berthing Area Improvements, Parcel 39, was completed in 2000, which included dredging a berthing area to 40-foot depth, the installation of monopile breasting/mooring dolphins and extending the Port's water distribution system. These projects were funded with proceeds from the 1998 bond issuance.

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

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

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

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

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

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

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

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

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

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

The Feasibility Phase of the Freeport Harbor Improvement Project was completed and the USACE issued a Chief's Report to the U.S. Congress recommending the deepening of the Freeport Harbor Channel.

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History of the Port

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

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

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

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

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

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

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

One of the Port's newest tenants, Tenaris, opened their new seamless pipe manufacturing facility in Bay City, Texas. This $ 1.7 billion-dollar facility's feedstock began arriving by vessel weekly in August 2017.

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

The State Legislature, in 2017, authorized the extension of the Port's HLC (Heavy-Lift Truck Corridor) by adding a route from Sweeny, Texas to Bay City, Texas to its list of routes offered to local industry. This route helps facilitate the delivery of steel products by truck to and from Bay City and Port Freeport, reducing the number of transits by 40 percent.

Port Freeport reached a major milestone in 2017 by approving its first major rail project, adding 21,000 feet of lead and storage track on Parcel 14, which is a 242-acre site designed for multi-modal operations. The Port and service partner UPRR will offer manifest rail services options to our Ro/Ro and petrochemical clients.

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

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

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

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

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

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

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

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

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

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

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

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

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

In 2021, Port Freeport received $24.9 million in federal funding for the Freeport Harbor Channel Improvement Project (FHCIP). The first two phases of the project were completed by April 2022, and Port Freeport received $163.816 million in additional federal funding in 2022 for the FHCIP making it fully funded.

In 2022 NYK Line, the largest Ro/Ro carrier in the world joined the Port Freeport family of carriers with the arrival of the M/V Opal Leader. The new monthly service will call Mexico, Panama, Colombia, and Brazil. A multi-year agreement was signed with Volkswagen Group of America to construct a 120-acre facility along SH 36 west to handle the import of 140,000 new cars and trucks to Port Freeport.

The $ 9.5 million expansion of Port Freeport's rail terminal on the Parcel 14 multimodal site was completed in 2022. This 2nd phase of the rail terminal expansion added 4 ladder tracks to the existing 3 providing Port Freeport over 7 miles of total track.

2023 brought with it a great deal of growth in several areas. First, TxDOT is widening both SH36 and FM523/1495 which are our 2 main entrances.

Port Freeport's new Berth 8 was completed in May 2023. Berth 8 added 927 liner feet of dock plus an 85-foot Ro/Ro platform to provide Port Freeport over 1,800 linear feet of dock at Velasco Container Terminal. The new berth was designed to accommodate the largest ship-to-shore gantry cranes available today.

In 2023, the Port entered a long-term agreement with Del Monte Fresh Produce to provide a weekly container service at Port Freeport's Velasco Terminal in 2024. This solidifies Port Freeport's position as a leading Port for the import of green fruit and the only Port to have the top three fruit importers (Dole, Chiquita and Del Monte) in the United States of America.

On September 14, 2023 the Port Commission adopted a Maintenance and Operations Tax rate of $0 marking the largest tax cut in the port's history.

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History of the Port

In March 2024, Port Freeport saw the arrival of MV WOLFSBURG, an LNG powered Ro/Ro vessel, named for the birthplace of Volkswagen, deliver the first import shipment of finished vehicles for Volkswagen Group of America to the port.

In June 2024, Port Freeport saw the first ship for Del Monte Fresh Produce deliver refrigerated containers to the port marking the commencement of Del Monte's operations at Port Freeport and also making Port Freeport the only port in the United States to have weekly vessel calls from the 3 largest fruit importers, namely Dole, Chiquita and Del Monte.

On September 12, 2024 the Port Commission adopted a total tax rate of $0. This was enabled by designating port operating funds to the voter approved debt payments associated with the Freeport Harbor Channel project.

The Hoegh Aurora, the world's largest and most environmentally friendly auto carrier, made its inaugural visit to the port on March 4, 2025, highlighting a shared commitment to sustainability.

In May 2025, Freeport Warehouse LLC opened a new 80,000 square foot chilled cross dock facility to support the transloading of refrigerated cargo at Port Freeport.

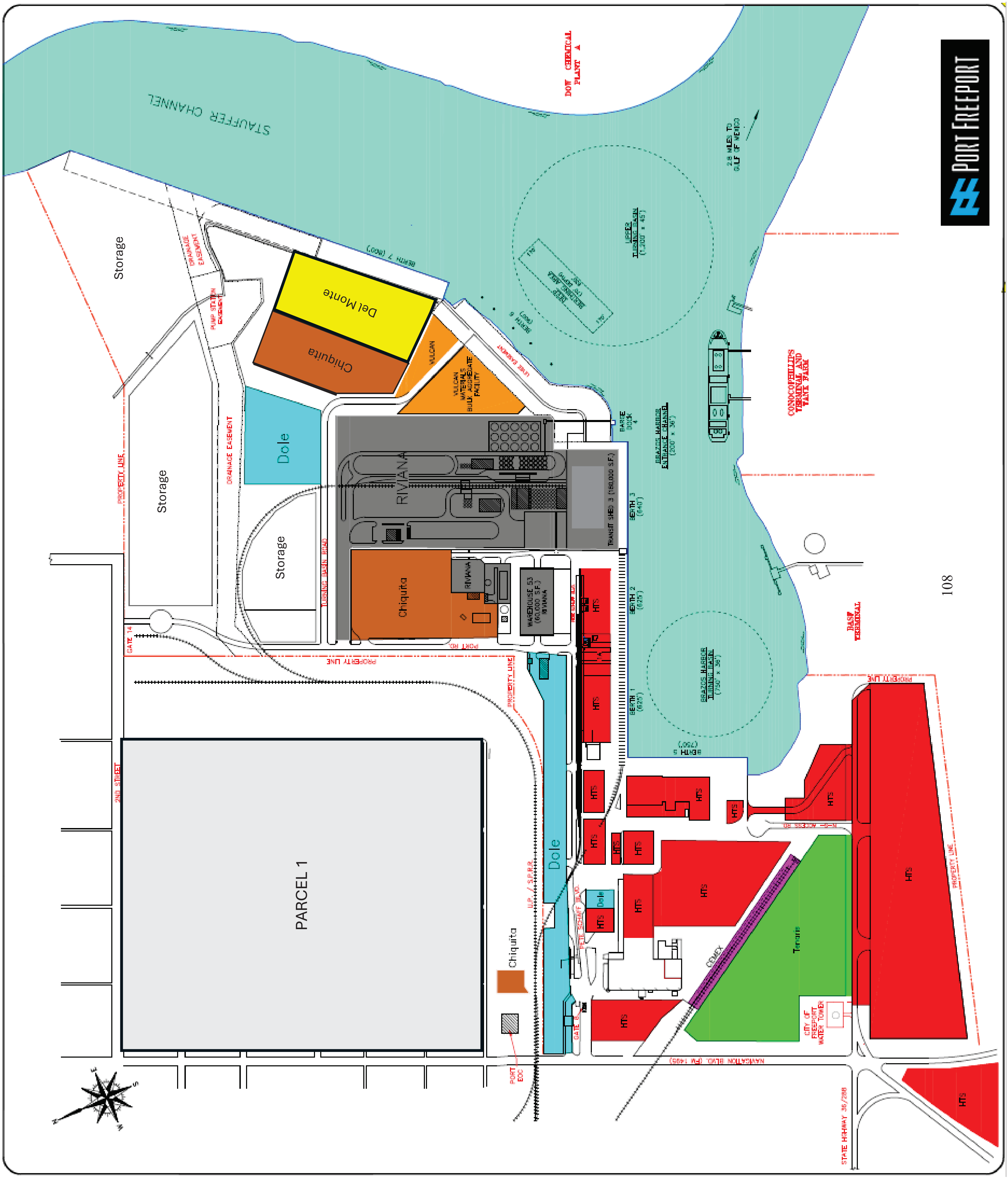
The port held a ribbon cutting ceremony for Gate 12 on August 14, 2025. The new gate will serve the Velasco Terminal providing more efficient movement of cargo to and from the port.

On September 22, 2025, the port welcomed the delivery of two new Super Post-Panamax Ship-to-Shore gantry cranes. The cranes are in excess of 300 feet tall with the ability to reach across 22 containers wide and will serve Berths 7 & 8 along with the two existing cranes.

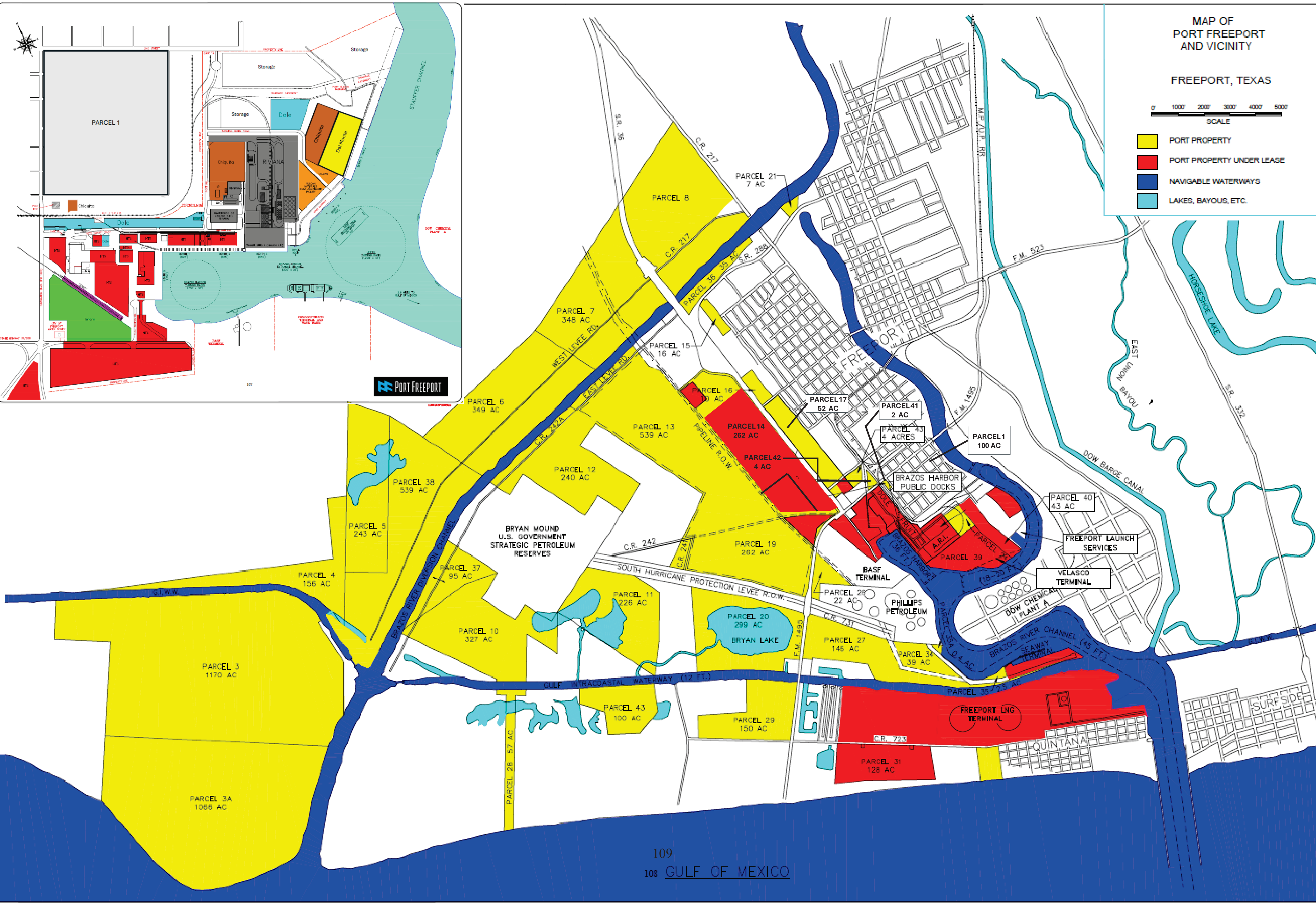
Significant progress continued on the Freeport Harbor Channel Project with substantial completion on track for December 2025.

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

[①]Historical data is summarized from the previous research of Glenn Heath and Nat Hickey



PORT FREEPORT
STAUFFER CHANNEL
DOW CHEMICAL PLANT A
2.8 MILES TO GULF OF MEXICO
UPPER TURNING BASIN
CONOCOPHILLIPS TERMINAL AND TANK FARM
BASF TERMINAL
BRAZOS HARBOR ENTRANCE CHANNEL
BRAZOS HARBOR TURNING BASIN
BARGE DOCK
BERTH 7 (800')
BERTH 6
BERTH 5 (750')
BERTH 3 (640')
BERTH 2 (625')
BERTH 1 (625')
Del Monte
Chiquita
VULCAN
VULCAN MATERIALS BULK AGGREGATE FACILITY
Dole
RIVIANA
TRANSIT SHED 3 (180,000 S.F.)
WAREHOUSE 53 (60,000 S.F.) RIVIANA
Storage
Storage
Storage
PARCEL 1
HTS
Tenaris
CEMEX
CITY OF FREEPORT WATER TOWER
PORT EOC
DRAINAGE EASEMENT
PUMP STATION EASEMENT
PROPERTY LINE
TURNING BASIN ROAD
GATE 14
GATE 6
2ND STREET
NAVIGATION BLVD. (FM 1495)
STATE HIGHWAY 36/288



MAP OF
PORT FREEPORT
AND VICINITY
FREEPORT, TEXAS
SCALE
PORT PROPERTY
PORT PROPERTY UNDER LEASE
NAVIGABLE WATERWAYS
LAKES, BAYOUS, ETC.
PARCEL 1
Storage
Dole
Chiquita
Del Monte
RIVIANA
STAUFFER CHANNEL
PORT FREEPORT
PARCEL 3 1170 AC
PARCEL 3A 1066 AC
PARCEL 4 156 AC
PARCEL 5 243 AC
PARCEL 6 349 AC
PARCEL 7 348 AC
PARCEL 8
PARCEL 10 327 AC
PARCEL 11 226 AC
PARCEL 12 240 AC
PARCEL 13 539 AC
PARCEL 14 262 AC
PARCEL 15 16 AC
PARCEL 16 10 AC
PARCEL 17 52 AC
PARCEL 19 262 AC
PARCEL 20 299 AC
BRYAN LAKE
PARCEL 21 7 AC
PARCEL 27 146 AC
PARCEL 28 22 AC
PARCEL 28 57 AC
PARCEL 29 150 AC
PARCEL 31 128 AC
PARCEL 34 39 AC
PARCEL 35A 0.4 AC
PARCEL 35 2.5 AC
PARCEL 36 35 AC
PARCEL 37 95 AC
PARCEL 38 539 AC
PARCEL 39
PARCEL 1 100 AC
PARCEL 40 43 AC
PARCEL 41 2 AC
PARCEL 42 4 AC
PARCEL 43 4 ACRES
PARCEL 43 100 AC
BRYAN MOUND U.S. GOVERNMENT STRATEGIC PETROLEUM RESERVES
BRAZOS HARBOR PUBLIC DOCKS
BRAZOS HARBOR (36 FT.)
FREEPORT LAUNCH SERVICES
VELASCO TERMINAL
BASF TERMINAL
PHILLIPS PETROLEUM
DOW CHEMICAL PLANT A
FREEPORT LNG TERMINAL
BRAZOS RIVER CHANNEL (45 FT.)
BRAZOS RIVER DIVERSION CHANNEL
GULF INTRACOASTAL WATERWAY (12 FT.)
SOUTH HURRICANE PROTECTION LEVEE R.O.W.
PIPELINE R.O.W.
WEST LEVEE RD.
EAST LEVEE RD.
DOW BARGE CANAL
EAST UNION BAYOU
HORSESHOE LAKE
S.R. 36
S.R. 288
S.R. 332
C.R. 217
C.R. 242
C.R. 723
F.M. 523
F.M. 1495
M.P./U.P. RR
G.I.W.W.
FREEPORT
QUINTANA
SURFSIDE
GULF OF MEXICO

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PORT FREEPORT℠

Independent Auditor's Report

on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Port Commissioners
Port Freeport
Freeport, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Port Freeport (the "Port") as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements, and have issued our report thereon dated February 11, 2026.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Port's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KM&L, LLC

Lake Jackson, Texas
February 11, 2026

KM&L
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report
On Compliance for Each Major Program and on Internal Control Over Compliance Required by the Texas Grant Management Standards

To the Port Commissioners
Port Freeport
Freeport, Texas 77541

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Port Freeport's (the "Port") compliance with the types of compliance requirements identified as subject to audit in the *Texas Grant Management Standards* that could have a direct and material effect on each of the Port's major state programs for the year ended September 30, 2025. The Port's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Port complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 2025.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *Texas Grant Management Standards* (TxGMS). Our responsibilities under those standards and the TxGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Port and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Port's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Port's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Port's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Port's compliance with the requirements of each major state program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Port's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Port's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the TxGMS, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the TxGMS. Accordingly, this report is not suitable for any other purpose.

KM&L, LLC

Lake Jackson, Texas
February 11, 2026

PORT FREEPORT
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2025

I. Summary of auditor's results:

1. Type of auditor's report issued on the financial statements: Unmodified.

2. No internal control findings, required to be reported in this schedule, were disclosed in the audit of the financial statements.

3. Noncompliance, which is material to the financial statements: None

4. No internal control findings, required to be reported in this schedule, were disclosed in the audit of the major programs.

5. Type of auditor's report on compliance for major programs: Unmodified.

6. Did the audit disclose findings, which are required to be reported in accordance with the Texas Grant Management Standards (TxGMS): No.

7. Major programs include:
   State:
   - Texas Department of Transportation Rider 37 Grant
   - Texas Department of Transportation Area 5 Storage Area Project

6. Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000.

7. Low risk auditee: No.

II. Findings related to the financial statements

The audit disclosed no findings required to be reported.

III. Findings and questioned costs related to the state awards

The audit disclosed no findings required to be reported.

PORT FREEPORT

Schedule of Status of Prior Findings
Year Ended September 30, 2025

In accordance with Texas Grant Management Standards, the auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings. The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs.
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

The schedule of status of prior audit findings is as follows:

None.

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Corrective Action Plan
Year Ended September 30, 2025

In accordance with the Texas Grant Management Standards, the auditee must prepare, in a document separate from the auditor's findings, a corrective action plan must be presented to address each finding included in the current year auditor's reports. The corrective action plan is a follows:

None.

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Schedule of Expenditures of State Awards
Year Ended September 30, 2025

State of Texas Grantor/Pass-Through Grantor/Program Title	Expenditures Indirect Costs or Award Amount
Texas Department of Transportation:	
Rider 37 Grant	$ 5,435,137
Seaport Connectivity Grant – SPC 88 East 5th Street Reconstruction	373,487
Port Capital Plan Grant – MIP 88 Area 5 Storage Area Project	8,375,434
TOTAL TEXAS DEPARTMENT OF TRANSPORTATION	14,184,058
TOTAL STATE ASSISTANCE	$ 14,184,058

See notes to supplement Schedule of Expenditures of State Awards.

PORT FREEPORT

Notes on Schedule of Expenditures of State Awards
For the Year Ended September 30, 2025

1. The Port is reported as a single enterprise fund and accordingly follows all the requirements set forth in enterprise fund accounting and reporting, including the accrual basis of accounting and application of all GASB pronouncements as well as the Financial Accounting Standards Board ("FASB") pronouncements issued on or before November 30, 1989, unless those pronouncement conflict with or contradict GASB pronouncements. State financial assistance for the benefiting enterprise operations is accounted for in the single Enterprise Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

2. The Enterprise Fund Type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Fund equity (net total assets) is segregated into net investment in capital assets, and restricted or unrestricted net position. Enterprise fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. State grant funds were accounted for in the Enterprise Fund.

   State grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.


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