



Port of Houston Authority of Harris County Texas Debt Information As of December 31, 2022

Port of Houston Authority of Harris County, Texas (“Port Houston” or the “Authority”) is pleased to provide the following information as part of its commitment to financial transparency.

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Investors in Port Houston securities should rely on their own evaluation of Port Houston and its debt securities, including the merits and risks involved.

Ad Valorem Tax Bonds

As of December 31, 2022, the Authority had \$523.8 million (net of premiums/discounts) in Unlimited Tax Refunding Bonds (collectively, the “Ad Valorem Tax Bonds”).

Debt service on the Ad Valorem Tax Bonds is funded entirely from ad valorem taxes approved by Harris County voters at duly held bond elections, plus any interest earnings on such debt service tax funds. Property taxes are levied annually by the Harris County Commissioners Court on behalf of Port Houston and collected by the Harris County Tax Assessor-Collector. Port Houston has no obligation to use any of its operating revenues or general funds to repay any of the Ad Valorem Tax Bonds.

The proceeds of Ad Valorem Tax Bonds have been used solely to fund the Authority’s infrastructure investments and capital projects, as well as to refund prior bond issuances. During 2022, the Authority issued no new tax-supported debt, and made total debt service payments of \$45.1 million on the Ad Valorem Tax Bonds.

During 2022, the Authority issued no new Ad Valorem Tax Bonds and did not refinance any Ad Valorem Tax Bonds.

Revenue Bonds

On July 20, 2021, the Port Commission, as governing body of the Authority, approved the planning and development for the issuance of revenue bonds, the creation of the financing team, and on October 26, 2021, it authorized the issuance of Revenue Bonds, not to exceed \$400 million in net proceeds. In December 2021, the Authority issued \$322.2 million par value Series 2021 Revenue Bonds.

On December 31, 2022, total outstanding debt resulting from the Series 2021 revenue bonds was \$391.6 million (including premiums).

The Authority's revenue bond covenants require its net revenues available to pay 1.25x annual debt service for all outstanding first lien obligations. As of December 31, 2021, the Authority was in compliance with all Series 2021 Revenue Bond covenants. A debt service reserve fund is not required to be funded unless the debt service coverage is below 3.0x. The maximum annual debt service is \$19.9 million, and the all-in true interest cost is 2.796%. The Series 2021 Revenue Bonds shall be payable solely from, and equally and ratably secured by a first lien on the Authority's net revenues. In 2022, the Authority made total debt service payments of \$17.3 million on Series 2021 revenue bonds outstanding.

The proceeds on the bonds will be used to (i) pay a portion of the Authority's costs for the design, construction, property acquisition and equipment of the Houston Ship Channel Expansion Channel Improvement Project ("Project 11") and (ii) pay the costs of issuance of the Bonds. In addition, Orrick, Herrington & Sutcliffe LLP, Houston, Texas, was appointed as Co-Bond Counsel and Tax Counsel, and West & Associates, L.L.P., Houston, Texas, was appointed as Co-Bond Counsel and Bracewell LLP, Houston, Texas and the Hardwick Law Firm LLC, Houston, Texas, were appointed as Co-Disclosure Counsel. PFM Financial Advisors LLC appointed as financial advisor, and Siebert Williams Shank & Co., LLC (senior manager), Academy Securities, Morgan Stanley, Raymond James and RBC Capital Markets, LLC as underwriters, to assist in the bond issuances.

The total estimated cost (federal and local) of Project 11 based on the 2019 project feasibility is approximately \$1.02 billion. This cost estimate is based on design and construction costs with an accelerated schedule for the completion of Project 11.

Credit Ratings

Ad Valorem Tax Bonds

Port Houston's credit ratings relating to its Ad Valorem Tax Bonds, as of December 31, 2022:

<u>Moody's</u>	<u>S & P</u>	<u>Fitch</u>
Aaa	AA+	AA

Revenue Bonds

Port Houston's credit ratings relating to its Revenue Bonds, as of December 31, 2022:

<u>Moody's</u>	<u>S & P</u>
Aa3	AA+

Copies of the credit reports are available on the Authority's website (<http://porthouston.com>).

Note Purchase Program

In October 2021, Port Houston executed a five-year \$100 million third lien variable rate note purchase program (“Note Program”) with BB&T Community Holdings Co. and Truist Bank (“Lender”) in place of its previous \$100 million variable rate note purchase program with Regions Bank, to provide additional liquidity for business opportunities, emergencies that may arise, or other unforeseen events. The Note Program third lien obligations shall be payable solely from and equally and ratably secured by a lien on the Authority’s net revenues (not from ad valorem taxes), subject to the prior and superior liens of the first lien obligations and the second lien obligations, as provided in the Master Resolution adopted by the Port Commission on October 26, 2021. No borrowings under the third lien variable rate revolving note program have occurred to date.

Extendible Commercial Paper Program

In April 2022, the Authority established the Port of Houston Authority of Harris County, Texas Third Lien Revenue Extendible Commercial Paper ("ECP Notes") Program, Series A-1 (Tax Exempt) and A-2 (Taxable). The ECP Notes may be issued for a period not to exceed 90 days, which may be extended, but in no event later than 270 days following the date of issuance and the maximum principal amount outstanding may not exceed the authorized amount of \$300,000. The ECP Notes may be issued to finance various capital projects or Channel improvement projects. During 2022, no ECP Notes were issued, and no notes were outstanding at December 31, 2022.

For More Information

Contact the Authority’s Treasury Department at 713-670-2405 or Treasury@porthouston.com. General questions may also be directed to Questions@porthouston.com.

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