



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the years ended December 31, 2025 and 2024

Port of Houston Authority

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Prepared by:

Office of the Controller, Port of Houston Authority

On the cover: "A new beginning." The Port of Houston Authority of Harris County, Texas new home.

Port of Houston Authority of Harris County, Texas

**Annual Comprehensive Financial Report
For the Years Ended December 31, 2025 and 2024**

**Prepared By:
Office of the Controller
Port of Houston Authority**

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Port of Houston Authority of Harris County, Texas
Annual Comprehensive Financial Report
For the Years Ended December 31, 2025 and 2024

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INTRODUCTORY SECTION



April 29, 2026

Port Commission

Port of Houston Authority of Harris County, Texas

Houston, Texas

Port Commission Chairman, Members of the Port Commission and Citizens of Harris County:

We are pleased to present the Annual Comprehensive Financial Report of the Port of Houston Authority of Harris County, Texas ("Authority") for the year ended December 31, 2025. Dollar amounts are rounded to the nearest million within this letter of transmittal, and to the nearest thousand in the Management's Discussion and Analysis ("MD&A"), financial statements and the accompanying notes to the financial statements.

Responsibility for the accuracy of the data and the completeness and fairness of presentation, as well as all disclosures, rests with management of the Authority. To the best of its knowledge the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Authority. We have included disclosures necessary to enable the reader to gain an understanding of the Authority's financial position.

Profile of the Authority

Originally constituted in 1911, the Authority is an independent political subdivision of the state of Texas, operating as a navigation district under Chapter 5007, Texas Special District Local Laws Code, having boundaries generally coterminous with Harris County, Texas. Governance of the activities of the Authority is the responsibility of the Port Commission composed of seven commissioners. Two are appointed by Harris County Commissioners Court, two by the City Council of the City of Houston, one by the City Council of the City of Pasadena and one by the Harris County Mayors' and Councils' Association. The chairman of the Port Commission is jointly appointed by the governing bodies of Harris County and the City of Houston.

The Authority had 838 active, regular employees as of December 31, 2025 and utilized 660 full-time equivalent workers throughout the year hired from local longshoremen union halls.

The greater Port of Houston ("Port of Houston") opened as a deep draft port in November 1914. The Houston Ship Channel (the "Channel"), the heart of the Port of Houston complex, extends 52 miles inland from the Gulf of Mexico to the City of Houston. The Port of Houston consists of not only the Authority's public terminals and wharves, but also includes more than 200 privately-owned facilities along the upper half of the Channel. The Port of Houston is host to the world's second largest petrochemical complex and is ranked first in the nation in total tonnage and foreign waterborne tonnage.

Some of the privately-owned terminals within the Port of Houston compete directly with the Authority's terminals but serve to increase commerce through competitive rates. The Authority neither regulates the tariffs charged by, nor derives any revenues from, any of the privately-owned terminals, except for certain lease payments, harbor fees for fire protection and emergency services, and certain other payments that may be received from private terminals located at the Bayport Industrial Complex.

Business of the Authority

The Authority owns and operates a diverse group of facilities designed to accommodate a variety of cargo, including general cargo, containers, grain, coal, pet coke, dry and liquid bulk and project and heavy-lift cargo. The Authority continues to make capital infrastructure improvements and operate its terminals to achieve optimum utilization of its assets. It owns approximately 3,800 acres of developed properties and approximately 4,200 acres of undeveloped properties, including dredged material placement areas.

The Authority's Turning Basin Terminal in the upper Channel area is a multipurpose complex of breakbulk and general cargo wharves with substantial dockside facilities, as well as open and enclosed short-term storage space. Wharf 32, located within this terminal, was specifically designed for handling project and heavy-lift cargo, and has 36 acres of heavy-duty paved marshalling area.

The Manchester Terminal, considered part of the Turning Basin Terminal complex, is a liquid bulk facility on a 16-acre site leased and used by third-parties.

The Authority's container cargo facilities are Barbour's Cut Container Terminal ("BCT") and Bayport Container Terminal ("Bayport"), which handle approximately two-thirds of all the containerized cargo in the U.S. Gulf of Mexico area.

BCT, which adjoins the city of Morgan's Point and is also partially within the city of La Porte, is located at the mouth of Galveston Bay, three and a half hours sailing time to the open waters of the Gulf of Mexico. In addition to its container handling and storage facilities, facilities for intermodal rail service and connecting terminal warehouses are available at BCT. A modernization program is underway to increase cargo handling efficiency and increase annual capacity to approximately 3 million twenty-foot equivalent units ("TEUs") when completed.

Bayport is located within an industrial complex in southeast Harris County linked by the Bayport Channel to the Houston Ship Channel. Bayport's proximity to BCT benefits the customers at Bayport due to competitive trucking charges and affordable ancillary services. At the completion of current development activities, Bayport is expected to annually handle 4 million TEUs.

Care Terminal, Jacintoport Terminal, the Bulk Materials Handling Plant, Woodhouse Terminal, and the grain elevator at the Turning Basin Terminal are leased by the Authority to third-party operators. In addition, 58 acres at the Authority's Beltway 8 property is leased for petrochemical liquid bulk storage. The world's largest ethane export complex is located in

part on 16.3 acres of leased property along the north side of the Bayport channel. Certain wharves at BCT, Care Terminal, Jacintoport Terminal, the Bulk Materials Handling Plant, Sims Bayou, and in the Turning Basin Terminal area may be subject to preferential, but not exclusive, berthing arrangements.

The Authority also provides railroad rights-of-way to rail operators, licenses pipeline rights-of-way and crossings, issues marine construction permits, and maintains expansive areas for dredged material.

The Authority owns approximately 165 miles of railroad track with operating rights on an additional 10 miles of track and 734 acres of rights-of-way with storage yard capacity for railroad cars near its facilities. These yards are located on property made available to the Port Terminal Railroad Association, an association of freight railroad carriers and the Authority that serve industry along the ship channel and the Authority.

The Authority also owns or manages approximately 12,000 acres of submerged land in and adjoining the County, which the Authority may lease to adjacent property owners and others.

As the Non-Federal Sponsor of the Houston Ship Channel, the Authority helps provide to the U.S. Army Corps of Engineers ("Corps") over 7,000 acres of land in Harris County and Galveston Bay as dredge material placement areas. The Authority performs certain management and operational oversight duties for these placement areas through professional services and maintenance contracts.

The Houston Ship Channel Expansion Channel Improvement Project ("Project 11") was authorized with the adoption of the Water Resources Development Act of 2020. The project is expected to enable deeper draft and generally larger ships to call further upstream to the heart of the Channel petrochemical reach, and allow for more efficient and safer transportation through Galveston Bay to the Channel endpoint at the Turning Basin. Additional widening of the ship channels serving the container terminals is expected to assure the capability of those channels to satisfy the growing demand for containerized cargo in the future.

For additional information, please refer to the Table of Physical Characteristics of the Port Facilities of the Authority in the Statistical Section of this Annual Report, under Operating Information (Schedule 18).

Economic Outlook

The economic outlook for 2025 began under the shadow of import tariffs and fear of recession. The impact on inflation turned out to be muted as companies absorbed most of the tariff cost, able to do so in part because of strong corporate margins and earnings. AI infrastructure emerged as a new, significant economic boost in 2025, bringing full year GDP growth to 2.2%, down only slightly from 2.8% in 2024. The record government shutdown in Q4 2025 reduced the quarterly GDP number by an estimated 1-2%.

For 2025, the goods and services deficit decreased \$2.1 billion, or 0.2% from 2024. Exports increased \$199.8 billion or 6.2%. Imports increased \$197.8 billion or 4.8%.

Labor markets were mostly steady throughout 2025 as the economy entered a "no-hire no-fire", wait-and-see stance. While the unemployment rate drifted up only slightly to 4.4% (vs 4.1% at the end of 2024), data revisions exposed significant slowing in the jobs picture. The impact of AI also began to appear. In Q3 2025, non-farm business productivity was reported to increase 4.9%, output increased 5.4% and hours worked increased 0.5%.

The Consumer Price Index for all items increased 2.7% for 2025. Within the index, food was up 3.1% and energy was up 2.3%. The all-items less food and energy component rose 2.6% for the year. Overall inflation abated from 2024 levels, but still remained well above the Fed's target rate of 2%, a concern that would linger throughout the first half of 2025.

During the second half of 2025 the economic data began to paint a more consistent picture of slowing activity, but with continued elevated price pressures. This kept the Fed in a cautious stance, reluctant to cut rates but concerned about potential job loss. The follow-through effects of the trade tariffs also became a significant concern as uncertainty increased over the magnitude and duration of the tariffs. As inflationary pressures slowly moderated over the year, the Fed began to focus more on the employment situation. The anticipated job losses never fully materialized but hiring slowed significantly. This prompted the Fed to finally reduce interest rate cuts, cutting three times late in the year, but for only 25 basis points each cut. The Fed funds target rate dropped from a range of 4.00%-4.25% to 3.50-3.75%.

Financial markets again performed well during the year with the S&P 500 generating a total return of 18%. The ten-year treasury bond traded within a range of 4.8% to 4.0%, finishing 2025 at 4.4% from 4.6% at the end of 2024.

Financial Planning

In accordance with statutory requirements, the Port Commission reviews and approves an annual budget and a one-year capital plan. The Authority also develops a five-year forecast and a long-range plan addressing goals, strategies, and priorities.

For 2026, the Authority budgeted revenues of \$795 million. While representing a 4% increase from the 2025 budgeted revenues of \$762 million, this 2026 budget projects an increase of 3% from actual 2025 results. Budgeted nonoperating revenues in 2026 are down \$19 million versus the prior year budget, due primarily to lower income from federal grants and contributions, as well as lower interest income on securities and time deposits. Total expenses are budgeted at \$540 million, a 7% increase versus the prior year budget, due primarily to increased operating expenses at our container terminals driven by volume growth, as well as increased depreciation expense driven by many capital improvement projects. Consulting fees were also budgeted higher in 2026 due to investments made in strategic initiatives including the Workday ERP upgrade as well as in future growth. Excluding revenues and expenses related to property tax-supported debt and collection, the Authority projects net income of \$256 million for 2026 or less than 1% lower than the 2025 budget. The Authority also expects to generate operating cash flows of about \$339 million in 2026.

During 2025, the Authority awarded \$193 million in capital improvements, supported by available cash and investments as well as the Note Purchase Program described in Note 6, "Debt," in the Notes to the Financial Statements.

In 2026, the Authority expects to commit \$534 million for various capital projects. Approximately \$403 million will be allocated to its container terminals for continuing development of Bayport and modernization at Barbours Cut, while \$41 million relates to improvements at the general cargo and bulk terminals, and another \$34 million is designated for channel development projects. The remaining 2026 capital budget funds are planned to be used for real estate purchases, building renovations, security, and information technology investments. As described below in Major Initiatives, as local sponsor of the Channel, the Authority is also responsible for funding a portion of Project 11, which began construction in 2022.

Major Initiatives

Houston Ship Channel Expansion Channel Improvement Project

The Houston Ship Channel (HSC) is a federally authorized deep draft navigation channel, which serves the greater Houston region. Located in Chambers, Galveston, and Harris Counties, Texas, the HSC is a high-use navigation channel and the busiest waterway in the U.S. with over 8,000 deep draft and 200,000 barge transits per year. The HSC provides access to the Port of Houston Authority's eight public terminals and over 200 private docks and berthing areas.

As the non-federal sponsor of the HSC, the Authority is preparing now for the future needs of vessels and businesses, and with the U.S. Army Corps of Engineers-Galveston District (USACE-SWG), is accelerating the HSC expansion, also known as Project 11 (federally identified as the Houston Ship Channel Expansion Channel Improvement Project). Project 11, considered to be the 11th major improvement to the Channel, includes widening the channel by 170 feet (from 530 to 700 feet) along its Galveston Bay reach, widening the Bayport and Barbours Cut Channels to 455 feet, deepening some upstream segments (up to -46.5 feet MLLW), making other safety and efficiency improvements (i.e., bend easings), and constructing new environmental features including approximately 10-acres of bird islands, 276-acres of instant intertidal marsh, and 324-acres of oyster reefs, and over 600 acres or 12.4 million cubic yards of future Operation & Maintenance capacity.

The initial contracts were let in the fourth quarter of 2021 and construction commenced in 2022, and is expected to continue through 2029, improving safety, efficiency, and navigability to ensure this waterway will continue to remain the national economic treasure it is today. The status of Port of Houston Authority-led contracts is summarized below.

- Beltway 8 Site Clearing and Grubbing (Package 2, Segment 4) was advertised in February 2021 and constructed between June 2021 and June 2022.
- Houston Ship Channel Dredging, Bolivar Roads to Redfish (Package 3/4A, Segment 1A) was advertised in July 2021. Construction commenced in April 2022 with dredging completed in March 2023. Construction of Long Bird Island was completed and accepted by the U.S. Army Corps of Engineers in August 2024.
- Abandoned Pipeline Removal (as required prior to Houston Ship Channel dredging in Segments 1B and 1C) was advertised in August 2021 and executed between January and August 2022.
- Houston Ship Channel Dredging, Redfish to Bayport (Package 4B/5, Segments 1B, 1C, and 2) was advertised in November 2021, and awarded to two separate contractors for mechanical and hydraulic dredging work. Mechanical dredging work, including construction of the oyster reef mitigation, commenced in December 2022 and was completed March 2024. Hydraulic dredging work commenced in January 2023, Segment 2 was completed December 2023, and Segment 1B and southern portion of 1C were completed in February 2025. Work is expected to remain ongoing for the construction of Three Bird Island until Q2 2026.
- LBC ATON (Aids to Navigation) Relocation (Segment 2) was advertised in April 2024, and construction of new foundation structure and relocation of ATON was carried out between June and October 2024.

- Houston Ship Channel Dredging, Bayport to Barbours Cut (Package 6, Segment 1C) was advertised in October 2023 with construction between July 2024 and September 2025, and construction of Marsh Cell M11 will remain ongoing through Q2 2026.

Approved by the Port Commission in October 2021, the Authority issued \$322.1 million par value First Lien Revenue Bonds, Series 2021 (Non-AMT) ("Series 2021 Revenue Bonds") to finance a portion of the costs for the design, construction, property acquisition, and equipment for Project 11. In 2023, following Port Commission approval, the Authority issued \$393.6 million in First Lien Revenue Bonds, Series 2023 (Non-AMT) ("Series 2023 Revenue Bonds") to support remaining costs associated with Project 11.

Strategic Plan

Since the adoption of the 2025 Update of its Strategic Plan, the Authority has navigated new opportunities and challenges, including changes in executive leadership and organizational structure. In accordance with established policy, the Strategic Plan was amended to reinforce strategic direction and enhance execution across organizational priorities.

The amended Plan aligns staff and resources around Maritime Economic Development, Leadership & Partnerships, and People & Organization. These are supported by the Plan's "Seven C's:" Channel, Cargo, Change, Connection, Community, Culture, and Capital.

Channel, Cargo and Change focus on capacity, competitiveness, and resilience of the Port Authority, supporting growth in commerce and regional economic activity. Connection and Community support long-standing efforts to expand regional maritime opportunities and enhance collaboration with stakeholders. While Culture and Capital bring it all together by building the internal capacity and capability needed to deliver on these commitments through a collaborative, results-driven organization with a culture of shared leadership. This framework enables the Authority to continue advancing its mission to move the world and drive regional prosperity, and its vision to be the nation's premier maritime gateway for sustainable growth and opportunity.

Key initiatives for 2026 include, but are not limited to, executing container capacity optimization and expansion plans, advocating for expanded seaport connectivity, assessing maintenance dredging and dredged material placement area capacity strategies, advancing community investment plans, enhancing safety and security readiness, and strengthening long-term talent attraction, retention, and engagement.

Terminal Improvements

The Authority also evaluates its strategic plans to help maintain its competitive position in the global marketplace. This can be accomplished by focusing on consistent and quality levels of service to all customers and stakeholders, optimizing expansion and redevelopment activities, and investing in terminal infrastructures and technologies.

Containerized cargo at Port Houston is handled at the Authority's two container terminals, Barbours Cut Terminal (BCT) and Bayport Container Terminal (BPT). Collectively, these facilities operate a fleet of 34 Ship-to-Shore (STS) wharf cranes, 158 Rubber-Tired Gantry (RTG) cranes, 26 empty container handlers, and additional heavy-duty cargo handling equipment that support daily vessel, yard, and gate operations.

2025 was a year of significant activity, and 2026 is expected to be equally active with several major capital projects and operational improvements underway. Investments across the wharves, container yards, gates, and supporting infrastructure will increase terminal capacity, improve operational efficiency, and enhance service reliability for customers. These

improvements position Port Houston to continue serving as a primary U.S. gateway for global cargo distribution while supporting continued cargo growth.

Bayport Container Terminal (BPT)

Construction of Wharf 7 at Bayport was completed at the end of 2025, expanding berth capacity at the terminal. To support this expansion, four Super Post-Panamax STS cranes are scheduled for delivery in April 2026, increasing the Bayport crane fleet to 21 STS cranes.

Yard capacity and equipment levels have also been expanded. Ten RTG cranes were delivered in 2025, increasing the Bayport RTG fleet from 78 to 88. An additional six RTGs are scheduled for delivery in the second quarter of 2026, bringing the total fleet to 94 RTGs.

Further berth expansion is also progressing. Construction of Wharf 1 was awarded in February 2026, with construction scheduled to begin in the second quarter of 2026.

On the landside, improvements to truck operations were completed with the expansion of the Bayport truck exit gate, which added four additional exit lanes in December 2025 to improve truck processing capacity and reduce congestion.

Several yard expansion projects are also underway to support projected cargo growth:

- Container Yard 8 is currently under construction and is expected to be completed in Q4 2026, adding approximately 50 acres of container storage capacity.
- Container Yard 1 South construction is scheduled to begin in March 2026.

These projects will significantly increase yard capacity and support Bayport's continued growth in container volumes.

Barbours Cut Terminal (BCT)

At Barbours Cut, Wharf 4/5 rehabilitation was completed at the end of 2025, and four new Super Post-Panamax STS cranes were delivered in February 2026, increasing the terminal's crane fleet to 17 STS cranes.

Additional berth modernization continues with the Wharf 5/6 rehabilitation project, which is scheduled to begin in the fourth quarter of 2026. This project includes the installation of four additional Super Post-Panamax STS cranes. To accommodate the new cranes and modern berth layout, three older cranes will be demolished in 2026.

Significant yard redevelopment is also underway. Construction of Container Yard Areas 6 and 7 began in late 2023 as part of a multi-phase redevelopment project.

- Phase 1 was completed in October 2025.
- Phase 2 is scheduled for completion in 2027.
- Phase 3 will begin following completion of Phase 2.

In addition, construction of the C7 North Empty Container Yard will begin in the second quarter of 2026, adding approximately 15 acres of additional storage capacity.

Equipment capacity has also increased, with five new RTG cranes delivered in 2025, bringing the BCT RTG fleet to 69 cranes.

Future Yard Redevelopment

Design efforts are currently underway for additional redevelopment projects across both container terminals. These initiatives focus on improving operational efficiency, safety, and container yard density through strategic reconfiguration of terminal space. Key redevelopment areas under evaluation include:

- The South Rim
- The West End
- Intermodal yard areas

These projects will further support long-term growth while improving the overall efficiency of container yard operations.

Multi-Purpose Cargo Facilities

Moving on to improvements at the multi-purpose facilities, there have been a series of major roof repairs to transit sheds 21 and 22 at the northside Turning Basin, which began in April 2024 and were completed in February 2025.

Roof repairs to transit sheds 18 and 19 completed October 2025 (Care Terminal shed also received a new roof along with new paneling and paint). Wharfs 9, 16, and 20 at the northside Turning Basin will receive new bulkheads that will help with the completion of Project 11. Wharf 16 began construction in January 2025 and completed October 2025. Wharf 20 construction was started April 2025 and is estimated to be completed February 2027. Wharf 9 construction is expected to start in first quarter of 2027, and the estimated completion is in second quarter of 2027.

Regarding the southside Turning Basin, construction was completed in October of 2025 for a new water line that replaces the current line from wharf 4 to wharf 48. Construction of a new fender system at Wharf 2 is scheduled to begin early summer 2026 and be completed in the first quarter of 2027.

Environmental, Sustainability, Safety and Governance (ESSG)

The Environmental Affairs Department manages the Authority's environmental affairs through the administration of an environmental management system ("EMS") and various environmental programs, including air quality, waste management, drinking water, storm water, wastewater, remediation, and compliance auditing. The Authority was the world's first publicly owned port to certify its EMS under the newest international standard, ISO 14001:2015. The Authority has also committed to receiving 100% renewable energy through a 10-year electricity contract entered in 2019.

In 2021, the Authority developed its first Environment, Social, Safety, and Governance (ESSG) Report to document existing sustainability-related initiatives and identify opportunities for continued improvement across Port Houston. While the report outlined our diverse sustainability efforts, the Environmental Affairs Department's primary focus remained on strong environmental stewardship, regulatory compliance, and responsible operational management. Many of the sustainability initiatives identified were developed in coordination with local industry, academia, and community representatives and align with practical priorities such as air quality management, responsible energy use, transparency, and community engagement.

The Authority's engagement model of "Lead, Partner, and Support" continues to guide how we participate in these efforts, ensuring that resources are directed toward initiatives that support compliance obligations, operational excellence, and measurable environmental

performance. Progress has been made in strengthening Maritime Education and Community Grants programs, as well as addressing drayage truck emissions and air quality impacts within Port Houston's property.

In 2025, the Authority made a strategic business decision to ensure sustainability became a guiding philosophy when implementing our strategic plan. This aims to balance our public value and regional leadership roles in driving economic growth, while also concurrently pursuing environmental stewardship, local prosperity, and well-being. This new approach should support our environmental stewardship and compliance activities by continuously evaluating and enhancing the Authority's environmental programs.

Also in 2025, the Authority continued advancing environmental stewardship through data-driven initiatives and strong compliance oversight. The 2023 Goods Movement Emissions Inventory (GMEI) was completed to quantify emissions from vessels, trucks, cargo handling equipment, rail, and harbor craft, establishing a baseline to monitor cleaner operations and responsible growth of the Authority's operations. Results indicate that while cargo activity continues to increase, emissions have not risen at the same rate due to cleaner equipment, newer engine standards, and operational efficiencies. The Authority conducted 100 percent of required tenant environmental audits in 2025 and maintained compliance with stormwater, air, wastewater, and spill prevention permits, while proactively managing inspections and regulatory obligations. Environmental staff worked closely with Maintenance to align field operations with permit conditions and best management practices. Fleet modernization efforts also support long-term stewardship, including the addition of new Chevy Equinox EVs and other Tier 3-compliant vehicles, reducing fuel use and emissions while strengthening operational performance.

Financial Information

The accounting policies of the Authority and this report conform to accounting principles generally accepted in the United States for local governmental units as prescribed by the Governmental Accounting Standards Board. A summary of significant accounting policies can be found in Note 1 of the financial statements.

It is the policy of the Authority to record nonoperational-related sources of income and expense outside of the Operating income section of the Statements of Revenues, Expenses and Changes in Net Position. During 2025, the Authority recognized \$504,356 of contributions to state and local agencies in the Nonoperating revenues (expenses) section of the statements.

The integrity and accuracy of data in these financial statements and supplemental schedules, including estimates and judgments relating to matters not concluded at year-end, are the responsibility of the management of the Authority. However, by state statute, the Harris County Treasurer serves as the treasurer of the Authority, with certain responsibilities related to bank accounts and funds of the Authority and tax bonds issued by the Authority.

We direct the reader's attention to the Management's Discussion and Analysis ("MD&A") section immediately following the independent auditor's report, which provides an analytical overview of the Authority's financial activities and serves as an introduction to the basic financial statements.

Internal Control

Management, with the oversight of the Audit Committee of the Port Commission, is responsible for establishing and maintaining internal controls. The Authority's Internal Audit Department ("IAD") helps enhance focus and provide structure to this function, along with

other statutory duties. The IAD adheres to the Global Internal Audit Standards, a mandatory component of the International Professional Practices Framework (IPPF) as issued by the Institute of Internal Auditors (commonly referred to as the "Red Book"), and the *Government Auditing Standards* (commonly referred to as the "Yellow Book") as promulgated by the Government Accountability Office. Management utilizes IAD's annual internal audit plan, supported by an enterprise risk assessment, as a tool in fulfilling its responsibilities. Management also utilizes its best estimates and judgment to assess the expected benefits and related costs of controls.

In developing and evaluating the Authority's accounting system, consideration is given to the adequacy of internal accounting controls. The objectives of internal controls are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States. Due to inherent limitations in any internal controls, misstatements arising from error or fraud may occur and not be detected. Projections of any evaluation of internal controls to future periods are also subject to the risk that internal controls may become inadequate because of changes in conditions or that the degree of compliance with policies or procedures may deteriorate.

All internal control evaluations occur within the above framework. Management believes the Authority's financial accounting controls, with ongoing internal audit reviews and statutory audit functions, adequately safeguard assets and provide reasonable assurance of properly recorded financial transactions.

Independent Audit

The financial statements for the years ended December 31, 2025 and 2024 listed in the foregoing Table of Contents were audited by an independent audit firm appointed by the Port Commission. The audit opinion rendered by Forvis Mazars, LLP for December 31, 2025 is included in the Financial Section of this report.

Certificates of Achievement

The Government Finance Officers Association of the United States and Canada ("GFOA") awards a Certificate of Achievement for Excellence in Financial Reporting. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized Annual Report. This report 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 Authority has received this award for 51 consecutive years.

The Government Treasurers' Organization of Texas ("GTOT") sponsors an Investment Policy Certification Program designed to provide assistance to local governments in developing policies that fully comply with the Texas Public Funds Investment Act, and to recognize outstanding examples of written investment policies. The Authority was first awarded a Certificate of Distinction for its investment policy in March 2013 and received additional certificates approximately every two years thereafter. The Authority was last awarded this Certificate of Distinction in January of 2026. The GTOT certificate is valid for two years.

Acknowledgements

We express our appreciation to all who assisted and contributed to the preparation of this report.

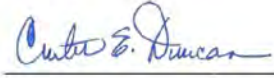
In addition, we would like to thank the members of the Port Commission and the staff of the Authority for their support in planning and conducting the financial affairs of the Authority in a responsible manner, to ensure fiscal transparency and accountability, and to maintain the Authority's financial statements in conformance with the highest professional standards.



Charlie Jenkins
Chief Executive Officer



Tim Finley
Chief Financial Officer



Curtis E. Duncan
Controller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Port of Houston Authority
Texas**

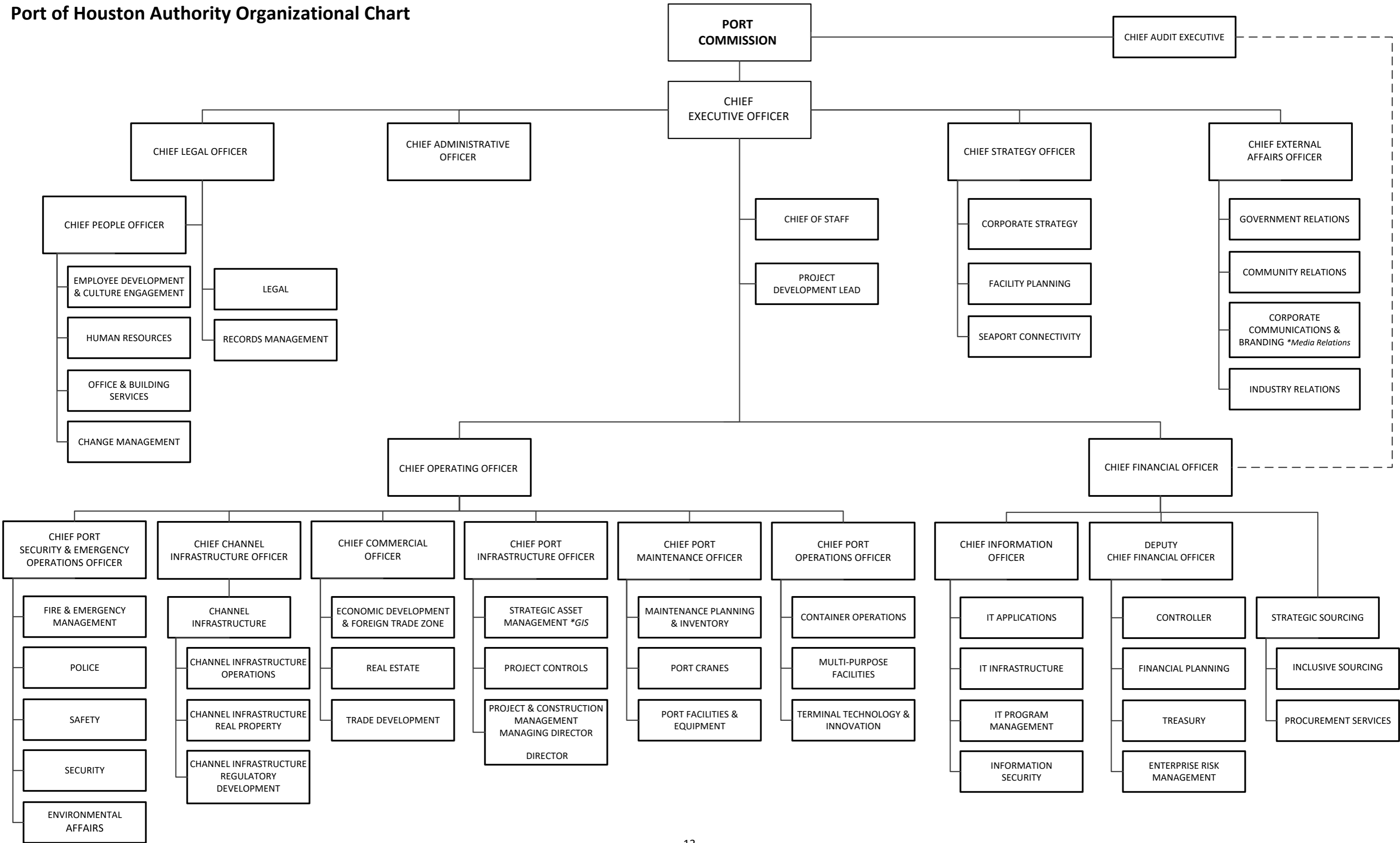
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morill

Executive Director/CEO

Port of Houston Authority Organizational Chart



**Port of Houston Authority of Harris County, Texas
Directory of Officials**

Port Commission

Ric Campo, Chairman
Clyde E. Fitzgerald, Commissioner
Stephen H. DonCarlos, Commissioner
Alan A. Robb, Commissioner
Wendolynn "Wendy" Montoya Cloonan, Commissioner
Thomas Jones, Commissioner
Roland Garcia, Commissioner

Other Officials

Charlie Jenkins, Chief Executive Officer
Lori Brownell, Chief Channel Infrastructure Officer
Rich Byrnes, Chief Port Infrastructure Officer
Eric Casey, Chief Operating Officer
Curtis E. Duncan, Controller
Erik A. Eriksson, outgoing Secretary and Chief Legal Officer
Tim Finley, Chief Financial Officer
Parker Harrison, incoming Secretary and Chief Legal Officer
Kerrick Henny, Chief Government and Public Relations Officer
Ryan Mariacher, Chief Port Operations Officer
John Moseley, Chief Commercial Officer
Amy Seymour, Chief Port Security and Emergency Operations Officer
Jessica Shaver, Chief People Officer
Paulo Soares, Chief Port Maintenance Officer
Charles Thompson, Chief Information Officer
Shannon Williams, Chief Audit Executive
Carlecia Wright, Chief Business Equity Officer
Dr. Carla Wyatt, County Treasurer



FINANCIAL SECTION

Independent Auditor's Report

Port Commission
Port of Houston Authority of Harris County, Texas
Houston, Texas

Report on the Audits of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the fiduciary activities of the Port of Houston Authority of Harris County, Texas (Authority), as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and fiduciary activities of the Authority as of December 31, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Authority, 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 Authority's ability to continue as a going concern for 12 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 GAAS 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 GAAS 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 Authority'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 Authority'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, pension, and other postemployment benefit information 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 GAAS, 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining statements of fiduciary net position and changes in fiduciary net position (supplementary information) are presented for purposes of additional analysis and are 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 GAAS. In our opinion, the supplementary information 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 comprehensive financial report. The other information comprises the introductory and statistical sections and additional bond disclosures but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do 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 April 29, 2026, on our consideration of the Authority'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 Authority'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 the Authority's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Houston, Texas
April 29, 2026**

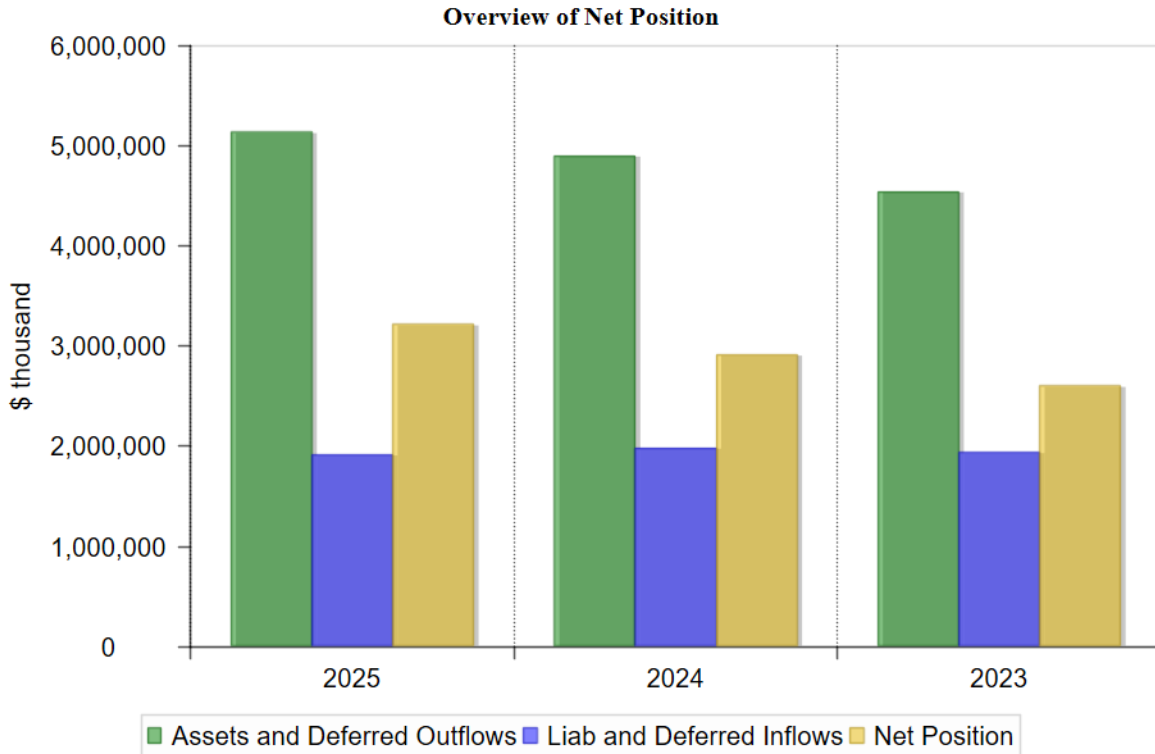
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Port of Houston Authority of Harris County, Texas
Management's Discussion and Analysis
For the Years Ended December 31, 2025 and 2024
(unaudited)

The following Management's Discussion and Analysis ("MD&A") of the Port of Houston Authority of Harris County, Texas ("Authority") provides an overview of the activities and financial performance for the fiscal years ended December 31, 2025 and 2024.

The MD&A supplements the basic financial statements by presenting certain information regarding the statements and an analysis of the Authority's overall financial position and results of operations. Additionally, this section contains information surrounding capital assets and long-term debt activity during the year and concludes with a discussion regarding budgeting and economic factors affecting the Authority.

The information contained in this MD&A has been prepared by management and should be considered in conjunction with the financial statements and the accompanying notes, which follow this section and are integral to the data contained in the financial statements. All amounts, unless otherwise indicated, are expressed in thousands of dollars.



Net position is the difference between the Authority's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Over time, increases or decreases in net position may serve as an indicator of whether the Authority's financial position is improving or deteriorating.

Financial highlights for fiscal year 2025

- The net position of the Authority on December 31, 2025 was \$3,215,623, increasing \$301,226 or 10% over the prior year.
- The Authority's total assets and deferred outflows of resources increased by \$233,601 or 5% during the fiscal year ended December 31, 2025. The majority of this change stems from an increase in capital assets of \$409,390, short term investments of \$269,657, long term investments of \$26,575, prepaids and other noncurrent assets of \$9,199, deferred outflows of resources related to pension of \$5,380, and net Other Post-Employment Benefits (OPEB) asset of \$5,061. These are offset by a decrease in current assets - cash and cash equivalents of \$315,736, restricted assets - cash and cash equivalents of \$125,339, receivables net of allowance of uncollectibles of \$19,161, and deferred loss on bond refunding of \$131.
- The Authority's total liabilities and deferred inflows of resources decreased by \$67,625 or 3%; the majority of this change stems from a decrease in long-term debt (Series 2023 Revenue Bonds), net of current maturities of \$47,312, and deferred inflow of resources related to leases of \$24,339. This is offset by an increase in noncurrent net pension liabilities of \$4,105, deferred inflows of resources related to pensions of \$2,434, and current maturities of long-term debt on revenue bonds of \$850.
- Current assets exceeded current liabilities by \$920,898.
- Net investment in capital assets (net of accumulated depreciation and debt) grew 16% to \$2,388,524.
- Operating revenues were \$683,943, increasing 8% over the prior year.
- Total operating expenses were \$473,495, reflecting a 7% increase over the prior year.
- The Authority generated operating income of \$210,448 in 2025 and \$191,479 in 2024.

Overview of the Financial Statements

The Authority's basic financial statements consist of the following: 1) Statements of Net Position, 2) Statements of Revenues, Expenses, and Changes in Net Position, 3) Statements of Cash Flows, and 4) Notes to the Financial Statements. Fiduciary fund statements associated with the Authority's Defined Benefit Pension, Defined Contribution, and Defined Benefit OPEB plans (each, a "Fiduciary Trust Fund") are included as well. This report also contains required supplementary information and supplementary information.

The Statements of Net Position present information on all of the Authority's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position.

The Statements of Revenues, Expenses, and Changes in Net Position present information showing how the Authority's net position changed during the fiscal year. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that are expected to result in cash flows in future fiscal periods (e.g., uncollected property taxes and earned but unused vacation leave).

The Authority follows enterprise fund accounting and reporting requirements, including the accrual basis of accounting and application of Governmental Accounting Standards Board ("GASB") pronouncements, hence there are Statements of Cash Flows included as part of the basic financial statements.

Financial Analysis

The largest portion of the Authority's net position (74%) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets. The Authority uses these assets to provide services to its customers; consequently, these assets are not available for future spending. Although the Authority's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Authority's net position (3%) represents resources that are restricted for debt service and net OPEB asset. The remaining balance of unrestricted net position (23%) may be used to meet the Authority's ongoing obligations.

Port of Houston Authority of Harris County, Texas Condensed Statements of Net Position (in thousands)

	2025	2024	2023
Assets			
Current and other assets	\$ 1,645,378	\$ 1,831,477	\$ 1,933,226
Capital assets	3,472,660	3,063,270	2,590,310
Total Assets	5,118,038	4,894,747	4,523,536
 Deferred Outflows of Resources			
	15,785	5,475	19,701
Total Assets and Deferred Outflows of Resources	5,133,823	4,900,222	4,543,237
 Liabilities			
Long-term liabilities (including current portion)	1,256,824	1,299,321	1,358,318
Other liabilities	161,510	164,145	148,757
Total Liabilities	1,418,334	1,463,466	1,507,075
 Deferred Inflows of Resources			
	499,866	522,359	434,445
Total Liabilities and Deferred Inflows of Resources	1,918,200	1,985,825	1,941,520
 Net Position			
Net investment in capital assets	2,388,524	2,055,561	1,710,445
Restricted	90,646	100,658	89,810
Unrestricted	736,453	758,178	801,462
Total Net Position	\$ 3,215,623	\$ 2,914,397	\$ 2,601,717

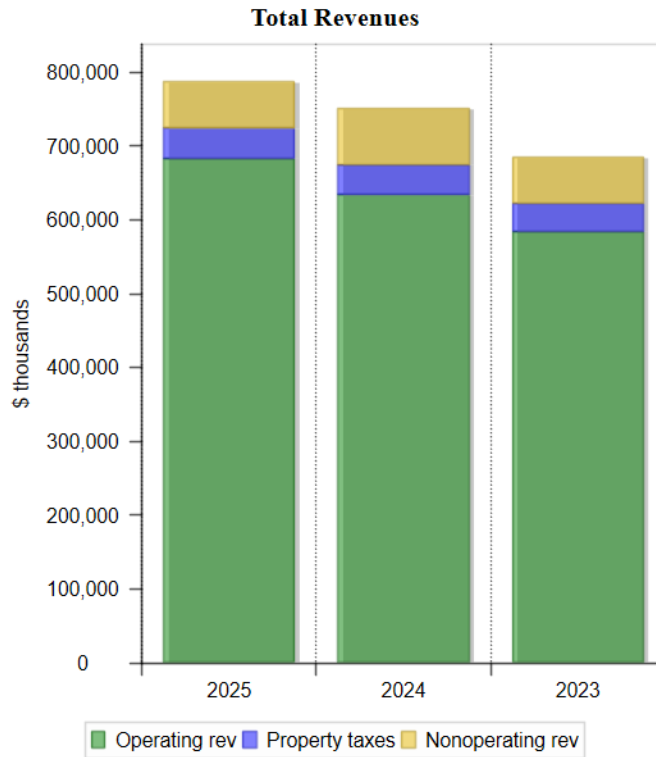
The Authority's net position increased by \$301,226 during the fiscal year ended December 31, 2025. Net investment in capital assets increased \$332,963, resulting primarily from a net increase in capital assets of \$409,390. During fiscal year 2025, restricted net position decreased \$10,012, primarily due to a decrease in net OPEB assets of \$8,907, and debt service of \$1,105. The unrestricted net position decreased \$21,725.

The Authority's net position increased by \$312,680 during the fiscal year ended December 31, 2024. Net investment in capital assets increased \$345,116, resulting primarily from a net increase in capital assets of \$472,960. During fiscal year 2024, restricted net position increased \$10,848, primarily due to an increase in net OPEB assets of \$10,580, and debt service of \$268. The unrestricted net position decreased \$43,284.

Key elements of these increases in net position are identified in the following schedule of Changes in Net Position and related explanations.

Port of Houston Authority of Harris County, Texas
Condensed Statements of Revenues, Expenses and Changes in Net Position
(in thousands)

	2025	2024	2023
Operating revenues:			
Container operations	\$ 571,225	\$ 523,396	\$ 473,984
Multipurpose Cargo Facilities	80,808	76,461	81,959
Commercial lease	7,054	6,859	7,285
Other	24,856	27,775	21,842
Nonoperating revenues:			
Investment income	43,823	58,575	51,602
Other	18,563	16,917	10,223
Nonoperating revenues related to property taxes:			
Property taxes	38,520	38,510	35,609
Investment income on bond proceeds	2,113	2,467	2,213
Total Revenues	786,962	750,960	684,717
Operating expenses:			
Maintenance and operations of facilities	285,871	259,212	240,332
General and administrative	76,190	73,793	57,415
Depreciation and amortization	111,434	110,007	97,170
Nonoperating expenses:			
Contributions to state and local agencies	504	89	1,463
Interest Expense on Revenue Bonds	26,510	26,918	17,750
Loss on disposal of assets	-	13,491	5
Other	1,060	1,046	223
Nonoperating expenses related to property taxes:			
Interest expense on unlimited tax bonds	11,368	12,317	12,229
Property tax collection expense	685	830	1,100
Other	545	1,114	326
Total Expenses	514,167	498,817	428,013
Income before capital contributions	272,795	252,143	256,704
Capital contributions from federal\state agencies	28,431	60,537	24,575
Changes in net position	301,226	312,680	281,279
Net position, January 1	2,914,397	2,601,717	2,320,438
Net position, December 31	\$ 3,215,623	\$ 2,914,397	\$ 2,601,717



In 2025, operating revenues increased \$49,452, or 8%, to \$683,943 due primarily to an increase in container operations revenue, which included an increase in Loaded Container revenues of \$28,840, Storage fees of \$9,122, and Wharf Crane rental revenue of \$6,894. The Authority's container facilities volume increased to 4.3 million twenty-foot equivalent units ("TEUs") for the year, an increase of 4% from 2024, while total Authority tonnage increased 3% to 54.5 million tons in 2025. Other operating revenues decreased \$2,919 or 11%, primarily due to lower submerged land rental income.

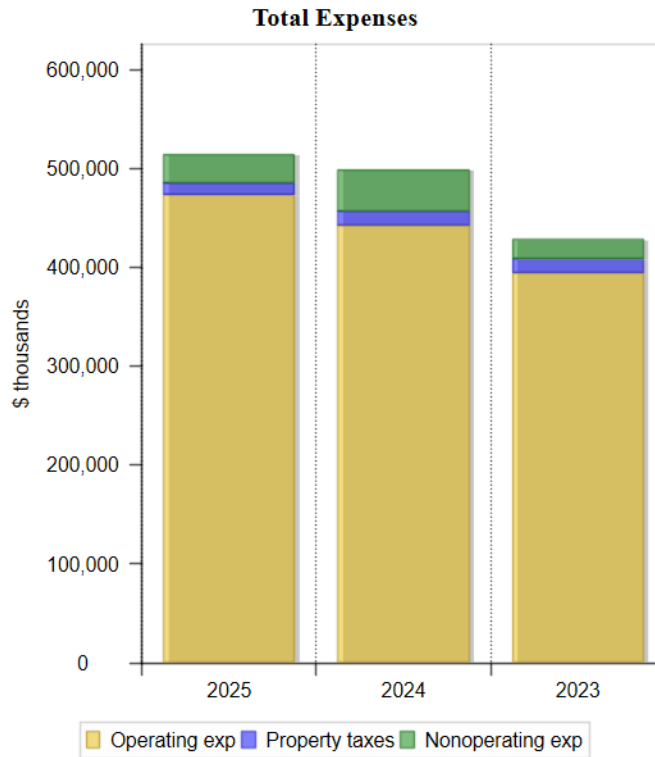
Nonoperating revenues related to property taxes in fiscal 2025 decreased \$344, primarily due to a decrease in interest income on unlimited tax bonds debt service funds.

Nonoperating revenues in 2025 decreased \$13,106, primarily due to decreased interest income as a result of lower interest rates on deposits and investments, including the revenue bond fund, versus the prior year.

In 2024, operating revenues increased \$49,421 or 8% to \$634,491 due primarily to an increase in vessel and cargo services revenue, which included an increase in Loaded Container revenues of \$25,178, Export Storage fees of \$7,078, and Wharf Crane rental revenue of \$5,827. The Authority's container facilities volume increased to 4.13 million twenty-foot equivalent units ("TEUs") for the year, an increase of 8% from 2023, while total Authority tonnage increased 6% to 53.0 million tons in 2024. Other operating revenues increased \$5,245 or 46%, primarily due to higher submerged land rental income.

Nonoperating revenues related to property taxes in fiscal 2024 increased \$3,155, primarily due to an increase in tax rates from \$0.00574 in 2023 to \$0.00615 in 2024 per \$100 assessed valuation.

Nonoperating revenues in 2024 increased \$13,667, primarily due to increased interest income as a result of higher interest rates on deposits and investments, including the revenue bond fund, versus the prior year.



For fiscal 2025, Operating expenses increased \$30,483, or 7%, primarily due to increased ILA Union labor and benefits cost of \$17,700; additionally, wages increased driven by an increase in headcount of 2%, annual compensation increases, and incentive payments. General and administrative expenses increased by \$2,397 or 3%, primarily due to a Port Authority initiative upgrading our current enterprise system J.D. Edwards to a new cloud-based system, Workday. This upgrade is commonly referred to as 'NEXGEN'. There were also additional software costs, along with increased computer purchases and employee costs related to headcount. Depreciation/amortization increased by \$1,427 or 1% due primarily to greater capital assets being depreciated.

Nonoperating expenses related to property taxes, reflecting predominantly interest expense on unlimited tax bonds, decreased \$1,663 due to bonds maturing; there were no new general obligation bonds issued in 2025.

Nonoperating expenses in 2025 decreased \$13,470 primarily due to a decrease in loss on disposal of assets of \$13,491 and a decrease in revenue bond interest expense of \$408 partially offset by an increase in Contributions to State and Local Governments of \$415.

For fiscal 2024, Operating expenses increased \$48,095, or 12%, primarily due to increased wages driven by an increase in headcount of 7% and annual compensation increases. Engineering consulting fees for sediment sampling reporting and permitting, and equipment rental, also contributed to the increase. General and administrative expenses increased by \$16,378 or 29%, primarily due to a Port Authority initiative upgrading our current enterprise system J.D. Edwards to a new cloud-based system, Workday. This upgrade is commonly referred to as 'NEXGEN'. There were also additional software costs, along with increased

computer purchases and employee costs related to headcount. Depreciation\amortization increased by \$12,837 or 13% due primarily to higher depreciation costs of \$12,272 related to various Wharves, Container Cranes and RTG Cranes. Amortization is higher by \$565.

Nonoperating expenses related to property taxes, reflecting predominantly interest expense on unlimited tax bonds, increased \$606 due to bonds maturing; there were no new general obligation bonds issued in 2024.

Nonoperating expenses in 2024 increased \$22,103 primarily due to a loss on disposal for the Cruise Terminal Building of \$13,486 and an increase in revenue bond interest expense of \$9,168 partially offset by revenue bond premium amortization of \$1,416 and a decrease in Contributions to State and Local Governments of \$1,374.

Capital Assets

The Authority's investment in capital assets as of December 31, 2025 totaled \$3,472,660 (net of accumulated depreciation/amortization), an increase of \$409,390 or 13% over the prior year.

Major capital asset activity (before depreciation) during 2025 included the following:

- Land and channel improvements increased by only \$147.
- Improvements other than buildings increased \$293,486 primarily due to several construction projects including wharf 7 and various container yards at the Bayport Terminal; additionally, the reconstruction of wharf 4 and 5, the container yard 6 and 7 at the Barbours Cut Terminal.
- Buildings increased \$6,780 primarily due to the construction of the new maintenance buildings at the Bayport Terminal and Barbours Cut Terminal.
- Machinery and equipment increase totaled \$24,807 in 2025. This increase primarily consisted of the purchase of nineteen rubber-tired-gantry cranes and ten yard mules for the Barbours Cut Terminal; the purchase of twelve rubber-tired-gantry cranes and ten yard mules for the Bayport Terminal, and long range acoustic equipment was purchased for the outdoor siren system.
- Construction-in-progress increased \$162,249 in 2025 primarily due to the Houston Ship Channel Expansion Project, the new Port Administration Building, and the container yard 8 at Bayport Terminal.
- Accumulated depreciation net of retirements increased by \$93,456 in 2025.

The Authority's investment in capital assets as of December 31, 2024, was \$3,063,270 (net of accumulated depreciation), an increase of \$472,960 or 18% over the prior year.

Major capital asset activity (before depreciation) during 2024 included the following:

- Land and channel improvements increased by \$18,683 primarily due to the deepening and widening of berth 1 and 7 at Bayport Terminal.
- Improvements other than buildings increased \$182,456 primarily due to the construction of the container yard 1 North and the rail spur at Bayport Terminal; and the construction of the container yards 4 North and 5 North and the west-end interim container yard at Barbours Cut Terminal.

- Buildings increased \$7,385 primarily due to the construction of the new maintenance building at Barbours Cut Terminal; partially offset by the demolition of the Cruise Terminal Building.
- Machinery and equipment increase totaled \$119,969 in 2024. This increase primarily consisted of \$80,028 purchase of several ship-to-shore cranes, rubber-tired-gantry cranes and dyna hoist drives retrofit for wharf 2, wharf 6, and container yard 1 north and middle at Bayport Terminal; and \$33,389 purchase of fourteen rubber-tired-gantry cranes for the Barbours Cut Terminal.
- Construction-in-progress increased \$217,226 in 2024 primarily due to the Houston Ship Channel Expansion Channel Project.
- Accumulated depreciation net of retirements increased by \$70,129 in 2024.

Port of Houston Authority of Harris County, Texas
Capital Assets
(net of depreciation)
(in thousands)

	2025	2024	2023
Land and channel improvements	\$ 540,832	\$ 540,684	\$ 521,968
Land use rights - intangible	19,502	19,502	19,502
Buildings	88,054	84,834	57,898
Improvements other than buildings	1,347,025	1,110,018	984,267
Railroads	15,792	16,727	17,696
Machinery and equipment	368,404	371,155	282,187
Computer software - intangible	716	847	353
Construction-in-progress	1,074,880	912,631	695,405
Subscriptions - SBITA	13,409	146	1,455
Leases - machinery and equipment	4,046	6,726	9,579
	<u>\$ 3,472,660</u>	<u>\$ 3,063,270</u>	<u>\$ 2,590,310</u>
Total Capital Assets, net	<u>\$ 3,472,660</u>	<u>\$ 3,063,270</u>	<u>\$ 2,590,310</u>

Additional information on the Authority's capital assets can be found in Note 4 in the accompanying notes to the financial statements.

Debt

At the end of 2025, the Authority had total debt outstanding of \$1,213,786 (net of premiums/discounts), consisting of \$360,521 in Series 2021 Revenue Bonds, \$410,279 in Series 2023 Revenue Bonds, and \$442,986 in Unlimited Tax Refunding Bonds ("General Obligation Bonds"). The General Obligation Bonds debt service is funded from ad valorem taxes approved by Harris County taxpayers, levied by the Harris County Commissioners Court on behalf of the Authority, and collected by the Harris County Tax Assessor-Collector. Series 2021 Revenue Bonds and Series 2023 Revenue Bonds are first lien obligations and payable solely from the Authority's Net Revenues, as defined by the Authority's Master Resolution.

At the end of 2024, the Authority had total debt outstanding of \$1,259,643 (net of premiums/discounts), consisting of \$370,992 in Series 2021 Revenue Bonds, \$418,624 in Series 2023 Revenue Bonds, and \$470,026 in General Obligation Bonds.

Port of Houston Authority of Harris County, Texas
Outstanding Debt
General Obligation and Revenue Bonds
(net of premiums/discounts)
(in thousands)

	2025	2024	2023
General Obligation Bonds			
Unlimited Tax Refunding Bonds	\$ 442,986	\$ 470,026	\$ 496,734
Revenue Bonds	770,800	789,617	808,035
Total General Obligation and Revenue Bonds	1,213,786	1,259,643	1,304,769
Less Current Maturities	(34,025)	(32,570)	(31,185)
Long-Term Debt (net of unamortized premiums/discounts)	<u>\$1,179,761</u>	<u>\$ 1,227,073</u>	<u>\$ 1,273,584</u>

During 2025, the Authority issued no new debt. The Authority's total debt principal outstanding decreased \$20,435 and \$12,135 on General Obligation Bonds and revenue bonds, respectively, due to scheduled debt service payments. Interest expense for 2025 on the General Obligation Bonds decreased \$771 and decreased \$408 on revenue bonds.

During 2024, the authority issued no new debt.

The table below provides Series 2021 and Series 2023 Revenue bond ratings:

Year	Moody's	S & P
2025	Aa3	AA+
2024	Aa3	AA+

A summary of the Authority's General Obligation bond ratings is provided in the table below:

Year	Fitch	Moody's	S & P
2025	AA	Aaa	AA+
2024	AA	Aaa	AA+

In October 2021, the Authority entered into a five year \$100,000 third lien note purchase financing agreement with Truist Bank. Additionally, in October 2024, the Authority entered into a five year \$150,000 third lien note purchase financing agreement with Truist Bank. During the years of 2025 and 2024, the Authority made no draws against these facilities and both programs total commitment was unused.

In April 2022, the Authority established a \$300,000 Extendible Commercial Paper program but reduced the PAR amount of the program in October 2024 to \$150,000. In June 2024, the Authority established a \$300,000 Extendible Commercial Paper program. During the years of 2025 and 2024, no extendible commercial paper was issued or outstanding.

Additional information on the Authority's debt can be found in Note 6 in the accompanying notes to the financial statements.

Economic Factors

Several factors were considered in preparing the Authority's operating budget for the 2026 fiscal year, including inflation, the Treasury yield curve, related cargo and tonnage projections, and expected growth in domestic and international trade. The Authority's budgets and other financial information are made available on its website (<https://porthouston.com>), as part of its commitment to financial transparency.

The Authority reviews information published by various research and advisory organizations, including the International Monetary Fund ("IMF") World Economic Outlook, the Federal Reserve Bank of Philadelphia's Survey of Professional Forecasters, and the Federal Reserve Bank of Dallas Regional and U.S. Economic Updates.

The IMF projects global GDP growth to be 3.3% for 2026 and 3.2% 2027, little changed from the forecasts made last year. Global headline inflation is forecast to be 3.8% in 2026, down from 4.1% in 2025. 2027 inflation is forecast to be 3.4%. AI and technology investment is expected to be concentrated in North America and Asia, helping to promote global growth. Risks to the outlook are to the downside due to increasing global tensions.

The Consumer Price Index ("CPI") for all items increased 2.7% in 2025. The index for all items less food and energy also rose 2.6% over the 12-month period. The food index increased 3.1% in 2025 and the services less energy services index rose 3.0%. The energy price index rose 2.3%. Fuel oil prices were up 7.4%. The Authority uses CPI measures as the basis for periodic rate adjustments in many lease and marine terminal services agreements.

Requests for Information

The financial report is designed to provide an overview of the Authority's finances for those with an interest in the Authority's finances. Questions concerning the information provided in this report, or requests for additional information, should be addressed to the Office of the Controller, Port of Houston Authority, 2960 Riverby Road, Houston, Texas 77020.

Port of Houston Authority of Harris County, Texas

Statements of Net Position As of December 31, 2025 and 2024 (in thousands)

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	\$ 412,723	\$ 728,459
Short-term investments	356,816	87,159
Receivables (net of allowance for uncollectibles)	70,259	90,161
Short term lease receivable	38,663	36,951
Accrued interest receivable - leases	1,034	1,050
Restricted assets		
Cash and cash equivalents	185,589	310,928
Property tax receivables	38,466	38,536
Prepaid and other current assets	12,883	15,526
Total Current Assets	1,116,433	1,308,770
Noncurrent Assets		
Investments	26,575	-
Net OPEB asset	48,856	57,763
Long term lease receivable	438,335	458,964
Prepaid and other noncurrent assets	15,179	5,980
Capital Assets (net of accumulated depreciation/amortization)		
Land and channel improvements	540,832	540,684
Land use rights - intangible	19,502	19,502
Buildings	88,054	84,834
Improvements other than buildings	1,347,025	1,110,018
Railroads	15,792	16,727
Machinery and equipment	368,404	371,155
Computer software - intangible	716	847
Subscriptions	13,409	146
Leases - machinery & equipment	4,046	6,726
Construction-in-progress	1,074,880	912,631
Total Capital Assets, net	3,472,660	3,063,270
Total Noncurrent Assets	4,001,605	3,585,977
Total Assets	5,118,038	4,894,747
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	9,513	4,133
Deferred outflows of resources related to OPEB	6,173	1,112
Deferred loss on bond refunding	99	230
Total Deferred Outflows of Resources	15,785	5,475
Total Assets and Deferred Outflows of Resources	\$ 5,133,823	\$ 4,900,222

See accompanying notes to the financial statements.

Port of Houston Authority of Harris County, Texas

Statements of Net Position As of December 31, 2025 and 2024 (in thousands)

	2025	2024
Liabilities		
Current Liabilities		
Accounts payable and other current liabilities	\$ 132,518	\$ 132,648
Fees received in advance and other reserves	16,357	18,381
Liabilities payable from restricted assets:		
Current maturities of long-term debt		
Revenue Bonds	12,740	12,135
Unlimited tax bonds	21,285	20,435
Accrued interest payable		
Revenue Bonds	8,184	8,336
Unlimited tax bonds	4,451	4,780
	46,660	45,686
Total Current Liabilities Payable from Restricted Assets		
	195,535	196,715
Noncurrent Liabilities		
Long-term debt, net of current maturities	1,179,761	1,227,073
Net pension liability	6,544	2,439
Other noncurrent liabilities	36,494	37,239
	1,222,799	1,266,751
Total Noncurrent Liabilities		
	1,418,334	1,463,466
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	6,351	3,917
Deferred inflows of resources related to OPEB	27,219	27,262
Deferred inflows of resources related to leases	458,909	483,248
Deferred gain on bond refunding	7,387	7,932
	499,866	522,359
Total Deferred Inflows of Resources		
	1,918,200	1,985,825
Net Position		
Net investment in capital assets	2,388,524	2,055,561
Restricted for:		
Debt Service	41,790	42,895
Net OPEB asset	48,856	57,763
Unrestricted	736,453	758,178
	3,215,623	2,914,397
Total Net Position		
	5,133,823	4,900,222
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 5,133,823	\$ 4,900,222

See accompanying notes to the financial statements.

Port of Houston Authority of Harris County, Texas
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2025 and 2024
(in thousands)

	2025	2024
Operating revenues		
Container operations	\$ 571,225	\$ 523,396
Multipurpose Cargo Facilities	80,808	76,461
Commercial lease	7,054	6,859
Other	24,856	27,775
Total operating revenues	683,943	634,491
Operating expenses		
Maintenance and operations of facilities	285,871	259,212
General and administrative	76,190	73,793
Depreciation and amortization	111,434	110,007
Total operating expenses	473,495	443,012
Operating income	210,448	191,479
Nonoperating revenues (expenses)		
Investment income	43,823	58,575
Interest expense on revenue bonds	(26,510)	(26,918)
Contributions to state and local agencies	(504)	(89)
Loss on disposal of assets	-	(13,491)
Other, net	17,503	15,871
Total nonoperating revenues, net	34,312	33,948
Income before nonoperating revenues (expenses) related to property taxes	244,760	225,427
Nonoperating revenues (expenses) related to property taxes		
Property taxes, net of estimated uncollectible amounts	38,520	38,510
Investment income on bond proceeds	2,113	2,467
Interest expense on unlimited tax bonds	(11,368)	(12,317)
Property tax collection expense	(685)	(830)
Other, net	(545)	(1,114)
Total nonoperating revenues related to property taxes, net	28,035	26,716
Income before capital contributions	272,795	252,143
Capital contributions from federal/state agencies	28,431	60,537
Change in net position	301,226	312,680
Net position, January 1	2,914,397	2,601,717
Net position, December 31	\$ 3,215,623	\$ 2,914,397

See accompanying notes to the financial statements.

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Port of Houston Authority of Harris County, Texas

Statements of Cash Flows

For the Years Ended December 31, 2025 and 2024

(in thousands)

	2025	2024
Cash flows from operating activities:		
Cash received from customers	\$ 639,983	\$ 591,712
Cash paid to suppliers for goods and services	(114,518)	(66,533)
Cash paid to employees for services	(178,207)	(154,059)
Cash paid for employee benefits	(76,322)	(65,391)
Cash paid for other services	-	(101)
Cash received for other purposes	2,858	5,257
Net cash provided by operating activities	273,794	310,885
Cash flows from noncapital financing activities:		
Contributions paid to others	(504)	(89)
Property tax collection expenses paid	(1,086)	(1,122)
Net cash used in noncapital financing activities	(1,590)	(1,211)
Cash flows from capital and related financing activities:		
Property taxes received	38,526	34,410
Contributions received from federal agencies	47,984	46,291
Interim financing costs	(51)	(420)
Repayment of long-term debt	(32,570)	(31,185)
Interest payments received/paid on leases	12,567	10,224
Principal payments received on leases	38,325	38,640
Principal payments paid on leases	(2,670)	(2,799)
Interest payments paid on SBITAs	(5)	(479)
Principal payments paid on SBITAs	(2,593)	(340)
Interest on long-term debt	(57,187)	(48,954)
Acquisition and construction of capital assets	(503,426)	(593,194)
Proceeds from retirement of assets	96	524
Net cash used in capital and related financing activities	(461,004)	(547,282)
Cash flows from investing activities:		
Purchase of investments	(392,906)	(38,420)
Proceeds from maturities of investments	96,275	220,300
Interest on investments	44,356	60,052
Net cash (used in) provided by investing activities	(252,275)	241,932
Net increase (decrease) in cash and cash equivalents	(441,075)	4,324
Cash and cash equivalents, January 1	1,039,387	1,035,063
Cash and cash equivalents, December 31	\$ 598,312	\$ 1,039,387
Cash and cash equivalents Unrestricted	\$ 412,723	\$ 728,459
Cash and cash equivalents Restricted	185,589	310,928

See accompanying notes to the financial statements.

Port of Houston Authority of Harris County, Texas

Statements of Cash Flows

For the Years Ended December 31, 2025 and 2024

(in thousands)

	2025	2024
Reconciliation of operating income to net cash provided by operating activities:		
Operating Income	\$ 210,448	\$ 191,479
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation\Amortization	111,434	110,007
Leases deferred inflows	(43,876)	(42,267)
Pension\OPEB deferred inflows	2,390	4,675
Pension\OPEB deferred outflows	(10,440)	14,093
Miscellaneous nonoperating income, net	5,575	4,971
Changes in assets and liabilities		
Decrease \ (increase) in trade and other receivables	2,458	(8,384)
(Increase) \ decrease in prepaids and other current assets	(81)	39,360
(Increase) \ decrease in dredging expenses paid in advance	(11,558)	810
(Decrease \ increase in accounts payable and other liabilities	(3,836)	13,919
(Increase) \ decrease in net pension liability\OPEB asset and compensated absences	13,295	(24,086)
(Decrease) \ increase in fees received in advance	(2,015)	6,308
Net cash provided by operating activities	\$ 273,794	\$ 310,885
Noncash investing, capital and financing activities		
(Decrease) in fair value of investments	\$ (1,617)	\$ (1,684)
Capital contributions from federal agencies	10,718	30,270
Capital asset acquisitions, included in accounts payable, net change	2,340	(8,773)
Capital asset acquisitions included in retainage, net change	(5,093)	2,459
Acquisitions of subscription capital assets	15,004	-

See accompanying notes to the financial statements.

Port of Houston Authority of Harris County, Texas

Statements of Fiduciary Net Position

As of December 31, 2025 and 2024

(in thousands)

	Pension and Other Postemployment Benefit Trust Funds	
	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$ 3,512	\$ 3,750
Investment Securities		
Domestic Equity	160,705	151,974
International Equity	39,116	35,658
Fixed Income	136,488	125,552
Balanced Funds*	33,085	28,875
Accrued investment income	<u>754</u>	<u>640</u>
Total Assets	<u>373,660</u>	<u>346,449</u>
Liabilities		
Investment expenses	<u>271</u>	<u>84</u>
Total Liabilities	<u>271</u>	<u>84</u>
Net position restricted for pension / defined contribution / OPEB**	<u>\$ 373,389</u>	<u>\$ 346,365</u>
* Mutual Funds that include both equity and fixed income securities		
**Net position restricted for OPEB	\$ 120,601	\$ 109,258
Net position restricted for Defined Contribution	19,651	14,946
Net Position restricted for Pension	<u>233,137</u>	<u>222,161</u>
	<u>\$ 373,389</u>	<u>\$ 346,365</u>

See accompanying notes to the financial statements.

Port of Houston Authority of Harris County, Texas
Statements of Changes in Fiduciary Net Position
For the Years Ended December 31, 2025 and 2024
(in thousands)

	Pension and Other Postemployment Benefit Trust Funds	
	2025	2024
Additions:		
Employer contributions	\$ 8,975	\$ 11,558
Net investment income	35,324	37,256
Total additions	44,299	48,814
Deductions:		
Benefit payments	(16,778)	(14,898)
Administrative expenses	(497)	(493)
Total deductions	(17,275)	(15,391)
Net increase in net position	27,024	33,423
Net position restricted for pension / defined contribution / OPEB, beginning of year	346,365	312,942
Net position restricted for pension / defined contribution / OPEB, end of year	\$ 373,389	\$ 346,365

See accompanying notes to the financial statements.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

1. Summary of Significant Accounting Policies

Reporting Entity

The Port of Houston Authority of Harris County, Texas ("Authority") is an independent political subdivision of the State of Texas, operating as a navigation district pursuant to Chapter 5007 of the Texas Special District Laws Code. The Port Commission, composed of seven commissioners, governs the Authority. Harris County, Texas ("the County") and the City of Houston each appoint two commissioners to the Port Commission and jointly appoint the chairman. The City of Pasadena and the Harris County Mayors' and Councils' Association ("the Association") each appoint one commissioner. Under state law, the County Treasurer serves as the treasurer of the Authority. The Authority is not a component unit of the County, the City of Houston, the City of Pasadena, or the Association, since none of these entities exercises financial control over the Authority. The Authority is considered a primary government entity satisfying the following criteria: (a) no entity appoints a voting majority of its governing body; (b) it is legally separate from other entities; and (c) it is fiscally independent of other state and local governments.

The financial statements of the Authority include operations and activities of the Authority, and its blended component unit for which the Port Commission has financial accountability as defined below and its fiduciary component units, as described below. Blended component units, although legally separate entities, are in substance part of the government's operations.

Blended Component Unit

Port Houston Local Government Corporation ("LGC") was formed by the Authority pursuant to the provisions of Subchapter D of Chapter 431 of the Texas Transportation Code, as it now or may hereafter be amended, and Chapter 394 of the Texas Local Government Code, as it now or may hereafter be amended. LGC is a Texas public, nonprofit local government corporation. LGC is authorized to assist and act on behalf of the Authority to accomplish any governmental purpose of the Authority and to engage in activities in furtherance of the purposes for its creation. LGC is considered a blended component unit of the Authority as the governing boards of the Authority and LGC are the same, and the Authority has operational responsibility for the LGC and is able to impose its will on LGC, as defined in Governmental Accounting Standards Board ("GASB") Statement No. 14, *"The Financial Reporting Entity,"* as amended. LGC has been active since April 2023.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

1. Summary of Significant Accounting Policies (continued)

Fiduciary Component Units

The Port Authority has three fiduciary component units. The Port of Houston Authority Restated Retirement Plan ("Pension Plan") is for eligible retirees and Authority employees hired before August 1, 2012. The Pension Plan has a variety of investment accounts that support the funds for the ongoing payment of benefits. The Other Post-Employment Benefits (OPEB) Plan primarily funds health insurance benefits for certain retirees. The 401(a) Plan is to benefit eligible employees hired on or after August 1, 2012. Contributions are only made by the Authority, which also establishes the vesting schedule, with contribution percentages based on the employee's years of service. Each Fiduciary Trust Fund is not included as part of the primary government, as its activities are fiduciary in nature.

Basis of Accounting

The Authority follows enterprise fund accounting and reporting requirements, including the accrual basis of accounting and application of GASB pronouncements.

Use of Estimates

The preparation of the Authority's 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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used to record certain transactions, such as pension benefits, other postemployment benefits, allowances for doubtful accounts, loss contingencies, and insurance recoveries. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash, highly liquid time deposits, investments in local government investment pools ("LGIP"), money market mutual funds, and short-term investments with original maturities of three months or less when purchased are classified herein as cash and cash equivalents.

The requirements of GASB Statement No. 79, "*Certain External Investment Pools and Pool Participants*" (GASB 79), are applicable to the Authority. GASB 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes, and further outlines additional note disclosure

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(in thousands)

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents (continued)

requirements for governmental entities that participate in those pools.

GASB 79 delinks money market LGIPs from Securities and Exchange Commission Rule 2a-7, enabling such pools to continue to utilize amortized cost for valuation and financial reporting, so that the \$1.00 per unit value LGIPs pursue will not need to change to a fluctuating price. As a prerequisite to the continued use of amortized cost, GASB 79 puts forth risk-mitigating measures such as limits on certain repurchase collateral investments, daily and weekly liquidity buckets, and "Know Your Customer" provisions, among others. The Authority adheres to these provisions.

Investments

The Authority's cash equivalents and investments, excluding certain investments in LGIPs, are recorded at fair value based upon quoted market prices in active or inactive markets for similar assets, with the difference between the purchase price and market price being recorded as investment income.

Accounts Receivable

Trade receivables are shown net of an allowance for uncollectible accounts. Allowances are estimated at approximately 4% of total accounts receivable, based on historical experience. Bad debts are written off against the accounts receivable allowance when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of expenses when received.

Lease Receivable

The Authority recognizes a lease receivable and a deferred inflow of resources in the Statements of Net Position. At the commencement of a lease, the Authority 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.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(in thousands)

1. Summary of Significant Accounting Policies (continued)

Prepaid Items

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

Maintenance Dredging

The cost of periodic maintenance dredging of berthing areas adjacent to the Authority's wharves, and of certain ship channels not maintained by the federal government, is capitalized in prepaid and other current assets and amortized over two years. Amortization for 2025 and 2024 amounted to \$4,563 and \$10,043, respectively, and is included in depreciation and amortization on the Statements of Revenues, Expenses and Changes in Net Position.

Property Taxes

Property taxes (net of collection expenses) are used to pay debt service on outstanding General Obligation Bonds. Property is appraised, and a lien on such property becomes enforceable, as of January 1 of each year, subject to certain procedures generally in accordance with Harris County Appraisal District rules for rendition, appraisal, appraisal review, and judicial review. Property taxes are generally levied in October or November for the year in which assessed. Taxes become delinquent February 1 of the following year and are subject to interest and penalty charges. Property tax levied revenue and the associated receivable is accrued evenly throughout the year, and as property taxes are paid, the receivable is reduced. The Harris County Tax Assessor-Collector bills and collects property taxes of the Authority for a fee and remits collections to the Authority. Property tax collection expenses incurred by the Authority for the years ended December 31, 2025 and 2024 were \$685 and \$830, respectively. These expenses are reflected as property tax expense in the Statements of Revenues, Expenses and Changes in Net Position. The tax rates levied on behalf of the Authority for the years ended December 31, 2025 and 2024 were \$0.00590 and \$0.00615, respectively, per one hundred dollars of assessed valuation.

Restricted Assets

Assets which are use-restricted to specific purposes by bond indenture or otherwise are segregated on the Statements of Net Position. These assets, which may include cash and investments, are primarily restricted for construction and debt service purposes.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

1. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the Authority as assets with an initial, individual cost of more than five thousand dollars and an estimated useful life of three years or greater. Property constructed or acquired by purchase is stated at cost. Property received as a contribution is stated at estimated acquisition value on the date received. The cost of normal maintenance and repairs that do not add value to the assets or materially extend asset lives are expensed.

Depreciation/amortization is computed using the straight-line method over the following useful lives:

Railroads	25-40 years
Buildings	10-40 years
Improvements other than buildings	10-50 years
Machinery and equipment	3-20 years
Computer software - intangible	5 years
Leases	5-10 years
Subscriptions	3-5 years

Premiums (Discounts) on Bonds Payable and Issuance Costs

Bond premiums and discounts are amortized using the effective interest method. Bond issuance costs are expensed as incurred. Bonds payable are reported net of the applicable bond premium or discount.

Deferred Compensation

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The plan, which is administered by the Nationwide Trust Company, permits employees to defer income taxation on retirement savings into future years. Amounts deferred under the plan are not available to employees until termination, retirement, death, or unforeseeable emergency.

Compensated Absences

Compensated absences, which include unpaid accrued vacation and sick leave, are accumulated during employment and are accrued over the first nine months of the calendar year. Employees earn vacation at rates of 10 to 25 days per year and may accumulate a maximum of 20 to 50 days, depending on their length of employment.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

1. Summary of Significant Accounting Policies (continued)

Compensated Absences (continued)

Upon termination or retirement, employees are paid for any unused accumulated vacation days at their current pay rate. Employees earn sick leave at the rate of 12 days per year. Upon termination or retirement, employees are paid for any unused sick leave days at their current pay rate up to a maximum of 60 days. With sufficient accruals, employees are allowed to receive payments following year-end of up to a maximum of 12 days of their unused sick leave, at their current pay rate.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Statements of Net Position include a separate section for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and deferred inflows of resources represent an acquisition of net assets that applies to future periods.

The Authority has several types of deferred outflows of resources that are included in this category: deferred losses on bond refundings, pension contributions made subsequent to measurement date, differences between expected and actual experience, net difference between projected and actual earnings, and changes of assumptions. Deferred inflows of resources include deferred gains on bond refunding, leases that will be recognized as revenue over the term of the leases, the differences between expected and actual experience, net difference between expected and actual earnings, and changes of assumptions.

Net Position

Net position represents the residual interest in the Authority's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consist of three categories: net investment in capital assets, restricted, and unrestricted. The net investment in capital assets component of net position consists of capital assets (including lease and subscription assets), net of accumulated depreciation and amortization, reduced by outstanding debt attributable to the acquisition, construction, or improvement of those assets. Net position is reported as restricted when constraints are imposed by third parties and consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The remaining net position that does not meet the definition of net investment in capital assets or restricted is classified as unrestricted. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first and then unrestricted resources, as they are needed.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

1. Summary of Significant Accounting Policies (continued)

Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Operating revenues consist primarily of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing activities and result from non-exchange transactions or ancillary activities.

The Authority's operating revenue base is diversified across several operational and contractual sources, supporting the organization's overall financial stability. A significant portion of revenue is generated from container operations, including fees and service charges for the movement, storage, and handling of containerized cargo through the port's facilities. Additional revenue is derived from commercial leases, in which long-term agreements with tenants provide predictable income streams from the leasing of land, warehouses, and operational space. The organization also generates revenue from its Multipurpose Cargo Facilities, which support the handling of a variety of cargo types—including breakbulk, project cargo, and specialized shipments—through usage fees and related services. Finally, other revenue sources include ancillary fees and service-related charges arising from support for port operations. Together, these revenue streams create a balanced and resilient financial structure that supports both ongoing operations and long-term capital investment.

Accounting Pronouncements - Current

In December 2023, GASB issued Statement No. 102, "*Certain Risk Disclosures.*" This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The Authority implemented this statement in fiscal year 2025, and there was no impact to the financial statements.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

1. Summary of Significant Accounting Policies (continued)

Accounting Pronouncements - Future

In April 2024, GASB issued Statement No. 103, "*Financial Reporting Model Improvements*." The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The Authority will assess the impact of this statement in fiscal year 2026.

In September 2024, GASB issued Statement No. 104, "*Disclosure of Certain Capital Assets*." This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major asset class. This Statement requirements are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Authority will assess the impact of this statement in fiscal year 2026.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

1. Summary of Significant Accounting Policies (continued)

Accounting Pronouncements - Future (continued)

In December 2025, GASB issued Statement No.105, “*Subsequent Events.*” This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement also requires the date through which subsequent events have been evaluated to be disclosed. This Statement clarifies the subsequent events that constitute recognized and non-recognized events and establishes specific note disclosure requirements for non-recognized events. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier application is encouraged. The Authority will assess the impact of this statement in fiscal year 2027.

Reclassification of Prior Year Presentation

Certain reclassifications have been made to the 2024 Operating Revenues in the Statements of Revenues, Expenses and Changes in Net Position to conform to the Port's 2025 financial presentation. These reclassifications had no effect on the changes in financial position. Additionally, this reclassification distinguishes the revenue streams of the Authority to align with its monthly and quarterly financial reporting structure, enabling consistent, accurate, and transparent presentation of financial results. Ultimately, this approach strengthens financial oversight by highlighting the drivers of revenue growth or decline across distinct areas of the business.

2. Cash and Investments

The Authority's cash and cash equivalents of \$598,313 and \$1,039,386 as of December 31, 2025 and 2024, respectively, are maintained in demand deposit accounts, LGIPs, and State and Local Government Securities (SLGS). Restricted cash includes \$169,631 in Series 2023 Revenue Bonds Construction Funds, \$6,431 in Series 2023 Revenue Bond Debt Service Funds, \$4,991 in Series 2021 Revenue Bonds Debt Service fund and \$4,536 in Unlimited Tax Refunding Bonds Debt Service funds held in bank deposits and LGIPs. Pursuant to the Texas Public Funds Collateral Act, Chapter 2257, Texas Government Code, the demand deposit account balances are fully covered by the Federal Deposit Insurance Corporation ("FDIC") or

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

2. Cash and Investments (continued)

collateralized with securities deposited by the Authority's depository institution in a safekeeping account at the Federal Reserve Bank in the Authority's name and under the Authority's control.

In accordance with its Investment Policy and the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code ("PFIA"), the Authority may invest in fully-collateralized or insured time deposits, direct debt securities of the United States or its agencies, municipal and state obligations, commercial paper, money market mutual funds, guaranteed investment contracts, bankers' acceptances, collateralized mortgage obligations (the underlying security for which is guaranteed by an agency of the United States) and LGIPs.

The Authority's Investment Policy is formally reviewed and approved annually by the Port Commission. The policy emphasizes safety of principal and liquidity, outlines investment strategies by fund group, and includes guidelines for diversification, risk tolerance, yield, and maturity of investments. All investment transactions, except for demand and time deposits, investment pools and mutual funds, are settled on a delivery versus payment basis, with safekeeping at the Authority's custodian, JPMorgan Chase Bank N.A. A copy of the Investment Policy is available for download from the Authority's website (<http://porthouston.com>).

During 2025 and 2024, the Authority made investments in the Local Government Investment Cooperative ("LOGIC"), Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), and the Texas Local Government Investment Pool ("TexPool Prime"). These LGIPs are subject to the PFIA, which requires the pools to have the following investment objectives, in order of priority: (i) preservation and safety of principal; (ii) liquidity; and (iii) yield. The investment policies for the pools specify that they will seek to maintain an "AAAm" credit rating by at least one nationally-recognized rating service. As they offer daily liquidity similar to money market mutual funds, the pools are classified as cash and cash equivalents. Deposits in the LGIPs investment pools are not insured or guaranteed by any government or government agency. Authorized investments include U.S. government and agency securities, repurchase agreements, certain mutual funds, commercial paper, and certificates of deposit.

LOGIC assets are valued using the amortized cost valuation technique, which generally approximates the fair value of the assets and has been deemed to be a proxy for fair value which meets criteria under GASB 79.

Texas CLASS utilizes Financial Accounting Standards Board ("FASB") Accounting Standards Topic (ASC) 820 *"Fair Value Measurement and Disclosure"* to define fair value, establish a framework for measuring fair value, and expand disclosure

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

2. Cash and Investments (continued)

requirements regarding fair value measurements. ASC 820 does not require new fair value measurements but is applied to the extent that other accounting pronouncements require or permit fair value measurements. The standard emphasizes that fair value is a market-based measurement that should be determined based on the assumptions that market participants would use in pricing an asset or liability.

TexPool Prime uses amortized cost to value portfolio assets, consistent with the criteria and guidance established by GASB 79. Generally, it seeks to preserve principal and minimize market and credit risks by investing in a diversified pool of assets of high credit quality, with adequate collateralization and use of delivery versus payment procedures. The maturities of the investments are distributed such that there is a continuing stream of securities maturing at frequent intervals.

At December 31, 2025 and 2024, the Authority had investments in LOGIC, Texas CLASS, and TexPool Prime of \$197,918 and \$249,358; \$191,219 and \$241,485; and \$182,791 and \$235,935, respectively.

In accordance with GASB Statement No. 40, "*Deposit and Investment Risk Disclosures*," the Authority's financial statements are required to address credit risk, concentration of credit risk, interest rate risk and foreign currency risk of investments.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize this risk, the Authority's Investment Policy establishes minimum acceptable credit ratings for fixed income securities of "A" or its equivalent. U.S. government and agency securities are currently rated "AA+" by Standard & Poor's and "Aaa" by Moody's Investors Service. Commercial paper must be rated not less than "A-1", "P-1", or the equivalent by at least two nationally recognized credit rating organizations or must be rated at least "A-1", "P-1" or the equivalent by at least one nationally recognized credit rating agency and be fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state thereof.

Obligations of states, agencies, counties, cities, and other political subdivisions of any state must be rated not less than single "A" or its equivalent. Ratings of "SP-1" by Standard & Poor's or "MIG-1" by Moody's Investors Service are acceptable, as those are the highest ratings assigned to short-term municipal securities. Money market mutual funds and public funds investment pools must be rated "AAA" or its equivalent by at least one nationally-recognized rating firm.

Concentration of Credit Risk – Concentration of credit risk exists when investments are concentrated in the securities of a few issuers. The Authority mitigates such risks by emphasizing the importance of a diversified portfolio. The Authority's investments

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

2. Cash and Investments (continued)

at December 31, 2025 and 2024 included the following securities which comprised more than 5% of the total portfolio (excluding cash and cash equivalents):

	<u>2025</u>	<u>2024</u>
Commercial Paper:		
Credit Agricole Corporate & Investment Bank, New	6%	-%
MUFG Bank, Ltd., New York Branch	6%	-%
Natixis, New York Branch	6%	-%
Municipal Bonds:		
City of Jersey City, NJ	5%	14%
Greenville County School Dist, SC	5%	-%
City of Middletown, NY	5%	-%
Midland ISD, TX	5%	-%
Reedsburg Swr Sys, WI	5%	-%
Suffolk County Water Authority	-%	11%
City of Topeka, KS	-%	10%
Town of Swampscott, MA	-%	8%
U.S. Agency Securities:		
Federal Home Loan Bank	13%	-%
Federal Home Loan Bank	7%	-%
Federal Farm Credit Banks	-%	28%
Federal National Mortgage Association	-%	28%
U.S. Government Securities:		
United States Treasury Bill	7%	-%
United States Treasury Bill	6%	-%

Including cash and cash equivalents, these securities meet the diversification and credit quality requirements specified in the Investment Policy, including provisions requiring that no more than 20% of the overall portfolio may be invested in a single municipal security or commercial paper issuer, and no more than 30% of the overall portfolio may be invested in a single government agency issuer.

Interest Rate Risk - Interest rate risk occurs when changes in interest rates adversely affect the fair value of the Authority's investments. Generally speaking, the fair value of longer-dated securities have greater sensitivity to changes in market interest rates. The Authority minimizes its exposure to this risk by purchasing a mix of shorter-term investments and longer-term securities with maturities largely staggered to avoid undue concentration of assets in a specific maturity sector, and by structuring the portfolio to provide for stability of income and reasonable liquidity necessary to meet operational and capital needs.

The Investment Policy includes a general objective to hold investments to maturity,

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

2. Cash and Investments (continued)

with final maturity of up to five years for certain instruments, and no more than 40% of the portfolio invested beyond two years at the time of purchase. It also provides that the maximum weighted average maturity of the overall portfolio does not exceed two years. See the tables on the following pages showing fair value and weighted average maturity of the Authority's investments for the fiscal years ended December 31, 2025 and 2024.

Foreign Currency Risk – Foreign currency risk occurs when changes in exchange rates adversely affect the fair value of an investment or a deposit. As of December 31, 2025 and 2024, the Authority had no foreign currency risk in its general cash and investment portfolio, which is denominated in U.S. dollars. The Authority's defined benefit plan and its OPEB Plan, as described in Notes 8 and 9 in the accompanying notes to the financial statements, respectively, have indirect exposure to foreign currency risk due to investments in American Depositary Receipts ("ADRs"); however, they are not included in foreign currency as they are denominated in U.S. dollars and accounted for at fair value. As of December 31, 2025 and 2024 the indirect exposure to foreign currency risk for the defined benefit pension plan was \$23,976 and \$23,742 respectively, and for the OPEB Plan the indirect exposure was \$11,326 and \$12,960, respectively.

The Authority has estimated the fair value of financial instruments in accordance with the guidance provided in GASB Statement No. 72, "*Fair Value Measurement and Application*," which requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. Valuation techniques should be applied consistently, though a change may be appropriate in certain circumstances. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Determining the level at which an asset falls within the hierarchy requires significant judgment considering the lowest level input that is significant to the fair value measurement as a whole. The following hierarchy consists of three broad levels, with Level 1 being the most observable:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Quoted market prices in active or inactive markets for similar assets or liabilities and inputs other than quoted prices that are observable.
- Level 3 - Unobservable inputs for an asset or liability, which reflect those that market participants would use.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
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2. Cash and Investments (continued)

For its cash and investments, the Authority utilizes the market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities. Within this approach, the matrix pricing technique is used principally to value some types of financial instruments, such as debt securities, without relying exclusively on quoted prices for the specific securities. Instead, matrix pricing relies on the securities' relationship to other benchmark quoted securities.

The Authority's significant financial instruments consist of cash and cash equivalents, and investment securities. As of December 31, 2025 and December 31, 2024, the Authority had the following recurring fair value measurements for such financial instruments:

- LGIPs as of December 31, 2025 and December 31, 2024 totaled \$571,928 and \$726,778, respectively. The LGIPs LOGIC, and TexPool Prime use the amortized cost method to measure fair value of their investments for a combined total of \$380,709 and \$485,293 in 2025 and 2024, respectively. Texas CLASS uses net asset value method for valuation, totaling \$191,219 and \$241,485 in 2025 and 2024, respectively (not included in the fair value hierarchy table). As of December 31, 2024 \$282,627 of the Series 2023 bond proceeds were held in SLGs account custodied at Huntington Bank. The Huntington Accounts were closed as of July 31, 2025.
- U.S. Agency Securities, Commercial Paper, and Municipal Bonds as of December 31, 2025 and 2024, valued using the matrix pricing technique with quoted prices for similar assets in active markets, provided by JPMorgan Chase (Level 2 inputs).
- U.S. Government Securities as of December 31, 2025, valued with quoted prices for identical assets in active markets, provided by JPMorgan Chase (Level 1 inputs).

The Authority had no nonrecurring fair value measurements at December 31, 2025, or 2024, nor any changes in valuation technique with a significant impact to fair value.

The following table summarizes the Authority's investments that are measured at fair value as of December 31, 2025 and 2024, and indicate the fair value hierarchy of the valuation techniques utilized to determine such fair value.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

2. Cash and Investments (continued)

Security Type	Level 1 12/31/25	Level 2 12/31/25	Level 3 12/31/25	Total
U.S. Agency Securities	\$ -	\$ 74,526	\$ -	\$ 74,526
Commercial Paper	-	73,806	-	73,806
U.S. Government Securities	49,754	-	-	49,754
Municipal Bonds	-	185,305	-	185,305
Total	\$ 49,754	\$ 333,637	\$ -	\$ 383,391

Security Type	Level 1 12/31/24	Level 2 12/31/24	Level 3 12/31/24	Total
U.S. Agency Securities	\$ -	\$ 48,778	\$ -	\$ 48,778
Municipal Bonds	-	38,381	-	38,381
Total	\$ -	\$ 87,159	\$ -	\$ 87,159

The following table summarizes the Authority's fiduciary fund's investments that are measured at fair value at their respective fiscal year end, for fiscal 2025 and 2024, and indicate the fair value hierarchy of the valuation techniques utilized to determine such fair value.

	Level 1 2025	Level 2 2025	Level 3 2025	Total
Domestic Equity	\$ 68,433	\$ -	\$ -	\$ 68,433
International Equity	9,966	-	-	9,966
Mutual Funds	223,121	-	-	223,121
U.S. Treasuries	16,193	-	-	16,193
U.S. Corporate Obligations	-	42,853	-	42,853
U.S. Government Agencies	-	8,828	-	8,828
Total	\$ 317,713	\$ 51,681	\$ -	\$ 369,394

	Level 1 2024	Level 2 2024	Level 3 2024	Total
Domestic Equity	\$ 64,613	\$ -	\$ -	\$ 64,613
International Equity	10,037	-	-	10,037
Mutual Funds	206,383	-	-	206,383
U.S. Treasuries	16,348	-	-	16,348
U.S. Corporate Obligations	-	38,420	-	38,420
U.S. Government Agencies	-	6,233	-	6,233
International Fixed Income	-	25	-	25
Total	\$ 297,381	\$ 44,678	\$ -	\$ 342,059

As of December 31, 2025 and 2024, fiduciary funds cash and cash equivalents totaled \$3,512 and \$3,750, respectively.

The following table details the U.S. Dollar holdings (excluding cash and cash equivalents) and their weighted average maturity as of December 31, 2025.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

2. Cash and Investments (continued)

Security Type	<u>Ratings</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (In Years)</u>
Agency Securities:			
FHLB	A-1+	\$ 49,543	0.17
FHLB	A-1+	<u>24,983</u>	0.01
Total		<u>74,526</u>	
Commercial Paper:			
Credit Agricole Corporate And Investment Bank	A-1	24,597	0.15
MUFG Bank, Ltd., New York Branch	A-1	24,683	0.12
Natixis NY	A-1	<u>24,526</u>	0.17
Total		<u>73,806</u>	
Government Securities:			
United States Treasury Bill	A-1+	24,956	0.03
United States Treasury Bill	A-1+	<u>24,798</u>	0.12
Total		<u>49,754</u>	
Municipal Bonds:			
Township of Bloomfield, NJ	A-1	7,174	0.01
Township of Branchburg, NJ	A-1+	7,620	0.03
ISD No.22 Canadian Cnty, OK	A+	8,559	0.07
City of Garland, TX	AA+	15,035	0.05
Greenville Cnty Sch Dist, SC	A-1	20,003	0.00
Hudson Cnty NJ Impt Auth	A-1+	8,153	0.13
City of Jersey, NJ	A-1	20,045	0.06
City of Middletown, NY	A-1	19,937	0.08
Midland ISD, TX	AAA	20,073	0.04
New York, NY	AA	9,864	0.06
Newark, NJ	A-1	5,105	0.00
Reedsburg Swr Sys, WI	A-1	19,991	0.04
S. Carolina AGO	A-1	13,016	0.02
TX Hwy Imp Trans Comm	AAA	4,753	0.01
Wake Forest Univ Bapt Med Center	AA	<u>5,977</u>	0.01
Total		<u>185,305</u>	
Total Investment Fair Value		<u>\$ 383,391</u>	
Portfolio Weighted Average Maturity			0.43

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(in thousands)

2. Cash and Investments (continued)

The above calculation excludes cash and cash equivalents. As of December 31, 2025, the Authority's weighted average maturity of the portfolio as defined in the Investment Policy including cash and cash equivalents was 0.21 years.

The following table details the U.S. Dollar holdings (excluding cash and cash equivalents) and their weighted average maturity as of December 31, 2024.

Security Type	<u>Ratings</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (In Years)</u>
Agency Securities:			
FFCB NOTE	AA+/Aaa	\$ 24,379	0.32
FNMA NOTE	AA+/Aaa	<u>24,399</u>	0.32
Total		<u>48,778</u>	
Municipal Bonds:			
City of Jersey City, NJ		12,631	0.27
Suffolk County Water Authority	AAA	9,853	0.11
City of Topeka, KS	A-1+	8,632	0.17
Town of Swampscott, MA	A-1+	<u>7,265</u>	0.15
Total		<u>38,381</u>	
Total Investment Fair Value		<u>\$ 87,159</u>	
Portfolio Weighted Average Maturity			0.66

The above calculation excludes cash and cash equivalents. As of December 31, 2024, the Authority's weighted average maturity of the portfolio as defined in the Investment Policy including cash and cash equivalents was 0.05 years.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

3. Receivables

Receivables as of December 31, including the applicable allowances for uncollectible accounts, are as follows:

	<u>2025</u>	<u>2024</u>
Trade Receivables, Net		
Trade receivables	\$ 58,887	\$ 60,720
Damage claims receivable	438	769
Allowance for doubtful accounts	<u>(2,201)</u>	<u>(2,034)</u>
Total trade receivables, net	<u>57,124</u>	<u>59,455</u>
Lease Receivables		
Short term lease receivable	38,663	36,951
Long term lease receivable	<u>438,335</u>	<u>458,964</u>
Total lease receivables, net	<u>476,998</u>	<u>495,915</u>
Property Tax Receivables		
Property tax receivables (net of allowance)	<u>38,466</u>	<u>38,536</u>
Other Receivables		
Interest receivable	2,400	421
Due from federal agencies	10,718	30,270
Accrued interest receivable - leases	1,034	1,050
Other	<u>18</u>	<u>15</u>
Total other receivables	<u>14,170</u>	<u>31,756</u>
Total Receivables, Net	<u>\$ 586,758</u>	<u>\$ 625,662</u>

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

4. Capital Assets

Capital asset activity for the year ended December 31, 2025 was as follows:

	Beginning Balance	Additions	Retirements / Transfers	Ending Balance
Capital assets not being depreciated				
Land other than channel	\$ 134,724	\$ 147	\$ -	\$ 134,871
Land use rights - intangible	19,502	-	-	19,502
Channel land	405,960	-	-	405,960
Construction-in-progress	912,631	491,978	(329,729)	1,074,880
Total capital assets not being depreciated	1,472,817	492,125	(329,729)	1,635,213
Capital assets being depreciated/amortized				
Buildings	191,565	8,089	(1,309)	198,345
Improvements other than buildings	1,936,239	293,486	-	2,229,725
Railroads	64,086	140	-	64,226
Machinery and equipment	760,145	36,329	(11,522)	784,952
Computer software - intangible	19,065	232	-	19,297
Subscriptions	822	15,004	-	15,826
Leases - Machinery and Equipment	12,607	-	-	12,607
Total capital assets being depreciated/amortized	2,984,529	353,280	(12,831)	3,324,978
Less accumulated depreciation/amortization for				
Buildings	(106,730)	(4,869)	1,309	(110,290)
Improvements other than buildings	(826,221)	(56,478)	-	(882,699)
Railroads	(47,360)	(1,075)	-	(48,435)
Machinery and equipment	(388,989)	(39,080)	11,522	(416,547)
Computer software - intangible	(18,218)	(363)	-	(18,581)
Subscriptions	(676)	(1,741)	-	(2,417)
Leases - Machinery and Equipment	(5,882)	(2,680)	-	(8,562)
Total accumulated depreciation/amortization	(1,394,076)	(106,286)	12,831	(1,487,531)
Total capital assets being depreciated/amortized net	1,590,453	246,994	-	1,837,447
Total capital assets, net	\$ 3,063,270	\$ 739,119	\$ (329,729)	\$ 3,472,660

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

4. Capital Assets (continued)

Capital asset activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Additions	Retirements / Transfers	Ending Balance
Capital assets not being depreciated				
Land other than channel	\$ 132,733	\$ 1,991	\$ -	\$ 134,724
Land use rights - intangible	19,502	-	-	19,502
Channel land	389,235	16,725	-	405,960
Construction-in-progress	695,405	515,915	(298,689)	912,631
Total capital assets not being depreciated	1,236,875	534,631	(298,689)	1,472,817
Capital assets being depreciated/amortized				
Buildings	184,180	44,600	(37,215)	191,565
Improvements other than buildings	1,753,783	182,456	-	1,936,239
Railroads	63,996	90	-	64,086
Machinery and equipment	640,176	122,641	(2,672)	760,145
Computer software - intangible	17,889	1,176	-	19,065
Subscriptions	4,751	-	(3,929)	822
Leases - Machinery and Equipment	12,607	-	-	12,607
Total capital assets being depreciated/amortized	2,677,382	350,963	(43,816)	2,984,529
Less accumulated depreciation/amortization for				
Buildings	(126,282)	(4,276)	23,828	(106,730)
Improvements other than buildings	(769,516)	(56,705)	-	(826,221)
Railroads	(46,300)	(1,060)	-	(47,360)
Machinery and equipment	(357,989)	(33,570)	2,570	(388,989)
Computer software - intangible	(17,536)	(682)	-	(18,218)
Subscriptions	(3,296)	-	2,620	(676)
Leases - Machinery and Equipment	(3,028)	(2,854)	-	(5,882)
Total accumulated depreciation/amortization	(1,323,947)	(99,147)	29,018	(1,394,076)
Total capital assets being depreciated/amortized, net	1,353,435	251,816	(14,798)	1,590,453
Total capital assets, net	\$ 2,590,310	\$ 786,447	\$ (313,487)	\$ 3,063,270

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

5. Leases and Subscription Based Information Technology Arrangements (SBITAs)

Leases

The Authority leases office equipment as lessee under a variety of agreements and considers these agreements immaterial and are not considered under GASB 87, except for its Xerox and Chassis lease agreements. The immaterial lease payments are recorded as expenses during the life of the lease. For the Xerox and Chassis lease agreements, the Authority recognized a lease liability using present value of future lease payments for the remaining lease term and an equivalent lease asset. The lessee guidelines for re-measurements, borrowing rate, and exclusion of short-term leases mirror the guidelines used for GASB 87 lessor agreements. Rental expenses for the year ended December 31, 2025 and 2024 were \$209 and \$225, respectively.

As of December 31, 2025, future payments expected to be paid by the Authority under leases with initial or remaining noncancelable lease terms are as follows:

<u>Year Ending</u>	<u>Liability</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,715	\$ 51	\$ 2,766
2027	1,478	9	1,486
2028	-	-	-
Total	<u>\$ 4,193</u>	<u>\$ 60</u>	<u>\$ 4,252</u>

Additionally, the Authority leases certain assets as lessor to others. These leases pertain to land, buildings and improvements, and cargo handling equipment.

The Authority recognizes a receivable using present value of such future lease payments to be received for the lease term and deferred inflow of resources at the beginning of the lease term. Re-measurement of the lease receivable occurs when there are modifications to the lease agreements. The estimated incremental borrowing rate is used for the discount rate for leases. The terms of these leases range from 2 to 45 years. This recognition does not apply to short term leases. Some agreements include a variable revenue component based on Consumer Price Index and usage. The variable amount as of December 31, 2025 was \$2,687. Variable revenue is not included in the lease receivable measurement.

As of December 31, 2025, future payments anticipated to be received by the Authority under leases with initial or remaining non-cancelable lease terms are as follows:

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

5. Leases and Subscription Based Information Technology Arrangements (SBITAs) (continued)

Leases (continued)

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 38,664	\$ 12,303	\$ 50,967
2027	35,765	11,368	47,133
2028	32,900	10,520	43,420
2029	29,830	9,684	39,514
2030	29,454	8,906	38,360
2031-2035	133,367	33,121	166,488
2036-2040	96,014	17,305	113,319
2041-2045	52,836	6,766	59,602
2046-2050	15,347	2,623	17,970
2051-2055	3,989	1,342	5,331
2056-2060	2,910	929	3,839
2061-2065	3,296	543	3,839
2066-2070	2,611	131	2,742
2071-2075	15	-	15
Total	<u>\$476,998</u>	<u>\$115,541</u>	<u>\$592,539</u>

SBITAs

The Authority recognizes an intangible subscription asset, and a subscription liability calculated as the present value of future payments expected to be paid throughout the SBITA term. The subscription assets are amortized and expensed over the life of the term. Re-measurement of the subscription asset and liability occurs when there are modifications to the contracts. The estimated incremental borrowing rate is used for the discount rate applied to the subscription payment stream. The terms of these agreements range from 2 to 11 years. This recognition does not apply to short-term SBITAs.

As of December 31, 2025, future liabilities anticipated to be distributed by the Authority under subscription-based IT agreements with initial or remaining noncancelable subscription terms are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,068	\$ 514	\$ 1,582
2027	1,107	475	1,582
2028	843	434	1,277
2029	878	399	1,277
2030	916	361	1,277
2031-2035	5,197	1,189	6,386
2036-2040	2,402	154	2,556
Total	<u>\$ 12,411</u>	<u>\$ 3,526</u>	<u>\$ 15,937</u>

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
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(in thousands)

6. Debt

(A) Short-Term Debt

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. The original authorized maximum PAR amount of the ECP Notes was \$300,000. In October 2024, the Port Commission approved a reduction of the ECP Notes authorized maximum PAR amount to \$150,000. Therefore, the maximum principal amount outstanding may not exceed the current authorized amount of \$150,000.

In June 2024, the Authority established the Port of Houston Authority of Harris County, Texas Third Lien Revenue Extendible Commercial Paper (“ECP Notes”) Program, Series B-1 (Tax-Exempt Governmental) (the “Tax-Exempt Governmental ECP Notes”), Third Lien Revenue Extendible Commercial Paper Notes, Series B-2 (Tax-Exempt PAB) (the “Tax-Exempt PAB ECP Notes”), and Third Lien Revenue Extendible Commercial Paper Notes, Series B-3 (Taxable) (the “Taxable ECP Notes,” and together with the Tax-Exempt Governmental ECP Notes and Tax-Exempt PAB ECP Notes, the “ECP Notes”). 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, Series A and Series B, may be issued to finance various capital projects or Channel improvement projects. As of December 31, 2025 and 2024, no ECP Notes were issued, and no notes were outstanding.

Note Purchase Program

In October 2021, the Authority executed a five-year \$100,000 third lien variable rate note purchase program (“Note Program”) with BB&T Community Holdings Co and Truist Bank (“Lender”). The Note Program third lien obligations are payable solely from and equally and ratably secured by a lien on the Authority’s net revenues, subject to the prior and superior liens of the first lien obligations and the second lien obligations.

In October 2024, the Authority executed a five-year \$150,000 third lien variable rate note purchase program, Series B (“Note Program”) with Truist Commercial Equity, Inc. and Truist Bank (“Lender”). The Note Program third lien obligations shall be

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(in thousands)

6. Debt (continued)

Note Purchase Program (continued)

payable solely from and equally and ratably secured by a lien on the Authority's net revenues, subject to the prior and superior liens of the first lien obligations and the second lien obligations, as provided in the resolutions adopted by the Port Commission dated October 26, 2024.

The Authority may issue either taxable or tax-exempt variable rate notes, under both Note Programs, in an aggregate principal amount not to exceed \$100,000 and \$150,000, respectively. Each taxable program note will bear interest based on the taxable adjusted Secured Overnight Financing Rate ("SOFR") plus an applicable margin and each tax-exempt program note will bear interest at the adjusted SOFR rate plus an applicable margin. The Authority is obligated to pay Lender a fee on the unused total commitment for each Note Program. The Note Programs were executed to provide additional liquidity to the Authority for contingency and contract award capacity purposes. Both the taxable and tax-exempt Note Programs include customary events of default.

As of December 31, 2025 and 2024, no notes were issued and no notes were outstanding under either Note Program.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(in thousands)

6. Debt (continued)

(B) Long-Term Debt and Noncurrent Liabilities

The following is a summary of bonds payable and other noncurrent liabilities, and the changes therein, which comprise the Authority's long-term liabilities for the years ended December 31, 2025 and 2024.

Long-term liability activity for the year ended December 31, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>	
Bonds Payable						
Unlimited tax bonds	\$ 406,509	\$ -	\$ (20,435)	\$ 386,074	\$ 21,285	
Accreted interest on capital appreciation bonds	2,511	606	-	3,117	-	*
Revenue bonds	693,510	-	(12,135)	681,375	12,740	
Plus unamortized premiums / discounts, net	157,113	-	(13,893)	143,220	-	
	<u>\$1,259,643</u>	<u>\$ 606</u>	<u>\$ (46,463)</u>	<u>\$1,213,786</u>	<u>\$ 34,025</u>	
Total Bonds Payable						
Net Pension Liability	<u>\$ 2,439</u>	<u>\$ 6,484</u>	<u>\$ (2,379)</u>	<u>\$ 6,544</u>	<u>\$ -</u>	
Other Noncurrent Liabilities						
Compensated absences	13,260	11,454	(11,170)	13,544	10,208	**
Fees received in advance	13,294	10,937	(10,832)	13,399	2,567	**
Claims liability	8,734	-	(3,541)	5,193	3,128	**
Subscriptions liability	-	15,004	(2,593)	12,411	1,068	***
Leases liability	6,862	-	(2,669)	4,193	2,715	***
Arbitrage liability	12,168	1,630	(6,357)	7,441	-	
	<u>54,318</u>	<u>39,025</u>	<u>(37,162)</u>	<u>56,181</u>	<u>19,686</u>	
Total Other Noncurrent Liabilities	<u>\$ 54,318</u>	<u>\$ 39,025</u>	<u>\$ (37,162)</u>	<u>\$ 56,181</u>	<u>\$ 19,686</u>	

* Accreted Interest is for the Series 2010C and 2010E Bonds

** Included in fees received in advance and other reserves

*** Included in accounts payable and other current liabilities

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

6. Debt (continued)

Long-term liability activity for the year ended December 31, 2024 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>	
Bonds Payable						
Unlimited tax bonds	\$ 426,134	\$ -	\$ (19,625)	\$ 406,509	\$ 20,435	
Accreted interest on capital appreciation bonds	2,020	491	-	2,511	-	*
Revenue bonds	705,070	-	(11,560)	693,510	12,135	
Plus unamortized premiums / discounts, net	<u>171,545</u>	<u>-</u>	<u>(14,432)</u>	<u>157,113</u>	<u>-</u>	
Total Bonds Payable	<u>\$ 304,769</u>	<u>\$ 491</u>	<u>\$ (45,617)</u>	<u>\$ 1,259,643</u>	<u>\$ 32,570</u>	
Net Pension Liability	<u>\$ 17,897</u>	<u>\$ 6,612</u>	<u>\$ (22,070)</u>	<u>\$ 2,439</u>	<u>\$ -</u>	
Other Noncurrent Liabilities						
Compensated absences	11,308	12,805	(10,853)	13,260	9,910	**
Fees received in advance	12,342	3,694	(2,742)	13,294	2,471	**
Claims liability	8,731	1,599	(1,596)	8,734	2,028	**
Subscriptions liability	860	-	(860)	-	-	***
Leases liability	9,661	-	(2,799)	6,862	2,670	***
Arbitrage liability	<u>7,276</u>	<u>4,892</u>	<u>-</u>	<u>12,168</u>	<u>-</u>	
Total Other Noncurrent Liabilities	<u>\$ 50,178</u>	<u>\$ 22,990</u>	<u>\$ (18,850)</u>	<u>\$ 54,318</u>	<u>\$ 17,079</u>	

* Accreted Interest is for the Series 2010C and 2010E Bonds

** Included in fees received in advance and other reserves

*** Included in accounts payables and other current liabilities

The Authority's revenue bond covenants require its net revenues available to pay 1.25x annual debt service for all outstanding first lien obligations. At December 31, 2025 and 2024, the Authority was in compliance with all Series 2023 Revenue Bonds and Series 2021 Revenue Bond covenants.

In addition to the Series 2023 Revenue Bonds and Series 2021 Revenue Bonds, the Authority's long-term debt includes General Obligation Bonds. Repayment of the outstanding principal of these General Obligation Bonds and interest thereon is made solely from property taxes and not from the Authority's Net Revenues. Additional information on property taxes can be found in Note 1.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

6. Debt (continued)

Long-term debt is summarized as follows (in thousands):

	Original Issue	Interest Rate % *	Issue Date	Maturity	December 31	
					2025	2024
Revenue Bonds						
Series 2021	\$322,180	4.00-5.00	12/9/2021	2051	\$ 299,935	\$ 305,850
Series 2023	393,585	5.00	8/31/2023	2053	381,440	387,660
Total Revenue Bonds					681,375	693,510
Unamortized premiums/discounts					89,425	96,107
Revenue Bonds, net					770,800	789,617
General Obligation Bonds						
Series 2010C	30,254	2.00-5.00	2/3/2010	2038	119	119
Series 2010E	22,330	2.00-5.00	8/19/2010	2038	15	15
		3.125-				
Series 2015A	62,805	5.000	8/26/2015	2031	5,715	7,220
		3.054-				
Series 2015C	27,260	5.000	8/26/2015	2026	3,235	6,365
Series 2018A	176,555	3.00-5.00	7/18/2018	2038	172,090	174,380
Series 2020A-1	6,550	5.00	8/12/2020	2026	920	1,795
Series 2020A-2	222,925	3.00-5.00	8/12/2020	2039	199,880	208,520
Series 2020B	19,490	2.25	8/12/2020	2026	4,100	8,095
					386,074	406,509
Unamortized premiums					53,794	61,006
Series 2010C and 2010E CAB Accretion, net					3,118	2,511
General Obligation Bonds, net					442,986	470,026
Total Long-Term Debt					1,213,786	1,259,643
Less Current Maturities					(34,025)	(32,570)
Long-Term Debt (net of unamortized premiums)					\$1,179,761	\$ 1,227,073

* Interest rate of original issue

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(in thousands)

6. Debt (continued)

Debt Service Requirements

Total debt service requirements for outstanding bonds as of December 31, 2025 are as follows:

Year Ending December 31	Bond Principal	Bond Principal	Bond Interest	Bond Interest	Capital Appreciation Bond	Total
	Revenue	General Obligation	Revenue	General Obligation	Accreted Interest	
2026	\$ 12,740	\$ 21,285	\$ 32,737	\$ 17,803	\$ -	\$ 84,565
2027	13,380	23,025	32,100	16,898	-	85,403
2028	14,045	24,290	31,431	15,746	-	85,512
2029	14,750	25,490	30,728	14,544	-	85,512
2030	15,490	26,415	29,991	13,369	-	85,265
2031-2035	89,850	133,444	137,535	47,269	17,976	426,074
2036-2040	113,050	132,125	114,337	12,743	-	372,255
2041-2045	141,570	-	85,821	-	-	227,391
2046-2050	177,845	-	49,543	-	-	227,388
2051-2055	88,655	-	8,032	-	-	96,687
	<u>\$681,375</u>	<u>\$386,074</u>	<u>\$552,255</u>	<u>\$ 138,372</u>	<u>\$ 17,976</u>	<u>\$1,776,052</u>

Revenue Bonds

The Authority's cash flows from operations fully support its operating needs and a significant portion of its capital infrastructure investments required to maintain the flow of cargo, job creation and positive economic impact for the region. To maintain the Authority's capital infrastructure investments funded by its cash flow from operations, the Port Commission authorized the issuance of \$322,180 Series 2021 Revenue Bonds and \$393,585 Series 2023 Revenue Bonds. The proceeds on the bonds are being used to (i) pay a portion of the Authority's costs for the design, construction, property acquisition and equipment for the current Houston Ship Channel Expansion Project (Project 11) and (ii) pay the costs of issuance of the Bonds.

A debt service reserve fund, for Series 2021 Revenue Bonds and Series 2023 Revenue Bonds, is not required to be funded unless the debt service coverage ratio is below 3.0x. The total maximum annual debt service ("MADS") for the Series 2021 Revenue Bonds is \$19,877 and the all-in true interest cost is 2.796%, and the Series 2023 Revenue Bonds MADS is \$25,606 and the all-in interest cost is 4.347%. The Series 2021 Revenue Bonds and Series 2023 Revenue Bonds annual debt service is payable solely from, and equally and ratably secured by, a first lien on the Authority's net revenues.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(in thousands)

6. Debt (continued)

General Obligation Bonds

When projected cash flow was considered inadequate to fully cover the Authority's capital improvement plan, the Authority has periodically obtained approval from voters at bond elections for issuance of unlimited ad valorem tax General Obligation Bonds or unlimited ad valorem tax short-term commercial paper notes to address the shortfall. The Authority continues to have access and ability to request voter authorization to issue General Obligation Bonds, as provided by law. At the last bond referendum held in 2007, voters authorized the issuance of \$250,000 in General Obligation Bonds.

The proceeds of past General Obligation Bond issuances have been applied towards dredging of the Houston Ship Channel, acquisition of wharf cranes and other major equipment, security and environmental enhancements, and construction of docks, wharves and container facilities. The support of taxpayers, industry partners, and many other stakeholders have made these capital improvements possible. Such investments contribute to the success in meeting the Authority's purposes.

The following table lists the Authority's bonds outstanding as of December 31, 2025, (including revenue bonds), along with the stated purpose for which the debt was issued:

Outstanding Bond Issue	Use of Proceeds
Unlimited Tax Refunding Bonds, Series 2010C (Non-AMT)	Refund a portion of the Unlimited Tax Refunding Bonds, Series 2008A (AMT)
Unlimited Tax Refunding Bonds, Series 2010E (Non-AMT)	Refund a portion of the Unlimited Tax Refunding Bonds, Series 2008A (AMT)
Unlimited Tax Refunding Bonds, Series 2015A (Tax Exempt Non-AMT)	Refund the Unlimited Tax Port Improvement Bonds, Series 2002A (Non-AMT), Unlimited Tax Refunding Bonds, Series 2005B (Non-AMT), and Unlimited Tax Refunding Bonds, Series 2006C (Non-AMT)
Unlimited Tax Refunding Bonds, Series 2015C (Taxable)	Refund the Unlimited Tax Refunding Bonds, Series 2005A (AMT)
Unlimited Tax Refunding Bonds, Series 2018A (AMT)	Refund the Unlimited Tax Refunding Bonds, Series 2006B (AMT), and Unlimited Tax Refunding Bonds, Series 2008A (AMT)
Unlimited Tax Refunding Bonds, Series 2020A1 (Non-AMT)	Refund the Unlimited Tax Refunding Bonds, Series 2010B (Non-AMT)

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

6. Debt (continued)

General Obligation Bonds (continued)

Outstanding Bond Issue	Use of Proceeds
Unlimited Tax Refunding Bonds, Series 2020A2 (Non-AMT)	Refund a portion of Unlimited Tax Refunding Bonds, Series 2010C (Non-AMT), Unlimited Tax Refunding Bonds, Series 2010D1 (Non-AMT), Unlimited Tax Port Improvement Bonds, Series 2010D2 (Non-AMT), and Unlimited Tax Refunding Bonds. Series 2010E (Non-AMT)
Unlimited Tax Refunding Bonds, Series 2020B (Taxable)	Refund the Unlimited Tax Refunding Bonds, Series 2011A (AMT)

Bond Refundings

Bonds generally mature serially based on stated maturity dates. However, bonds may be redeemed prior to their maturities, if so provided for under the applicable bond indenture. At various times the Authority has defeased certain bonds by placing the proceeds of new bonds, together with other available funds, in an irrevocable escrow with a trustee to provide for future debt service on the refunded bonds. During 2025 and 2024, there were no General Obligation Bond refundings and there were no bonds defeased.

Bond Restrictions

The Bond resolutions for the General Obligation Bonds require that during the period in which the bonds are outstanding, the Authority must create and maintain certain segregated accounts or funds to receive the proceeds from the sale of the bonds and the ad valorem taxes levied and collected. Separately, the Authority makes a monthly contribution towards yearly revenue bond debt service. These assets can be used only in accordance with the terms of the bond resolutions to fund the capital costs of enlarging, extending or improving the Authority's facilities or to pay the debt service cost of the related bonds.

Arbitrage

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the U.S. Treasury of investment income received at yields that exceed the issuer's tax-exempt borrowing rates. The U.S. Treasury requires payment, if applicable, for each issue every five years. The Authority's estimated arbitrage liability for each of the Series 2021 Revenue Bonds and the Series 2023 Revenue Bonds was \$0 and \$7,441 for 2025, and \$6,357 and \$5,811 for 2024. The estimated liability is

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(in thousands)

6. Debt (continued)

Arbitrage (continued)

updated annually for any tax-exempt issuance or changes in yields until payment of the calculated liability is due.

7. Bayport Facilities

Certain facilities at Bayport were acquired or constructed using the proceeds from the Special Purpose Revenue bonds, Series 1964, and advances from the developer of an adjacent industrial park. The developer also advanced to the Authority amounts necessary to cover bond repayments, and maintenance and operating expenses of these Bayport facilities.

Effective October 27, 1997, the Authority, the developer, and other operators within the Bayport area (the "Bayport operators") entered into an Agreement of Compromise and Settlement (the "Agreement") that resolved various legal disputes in connection with these arrangements.

Past liabilities under the Agreement were paid in full during fiscal 2012. The Agreement remains in effect with regards to user fees to be paid by the Bayport operators and the Authority, with such funds accumulated by the Authority in order to fund certain future capital expenditures associated with the Bayport Ship Channel.

8. Retirement Plans

Defined Benefit Plan Description

The Authority sponsors the Port of Houston Authority Restated Retirement Plan ("Plan"), a single-employer defined benefit plan covering eligible employees hired prior to August 1, 2012. Employees hired on or after that date are covered by the Port of Houston Authority Defined Contribution Plan. The Plan is a governmental plan not subject to the federal Employee Retirement Income Security Act of 1974, and contributions are solely made by the Authority. The Port Commission maintains the authority to amend the Plan and Plan's investment policy. PNC Bank serves as the trustee of the Plan. The Plan issues a stand-alone financial report that is available on the Authority's website and may also be obtained by requesting such report from the Port of Houston Authority, P.O. Box 2562, Houston, TX 77252, Attention: Controller.

Plan participants were vested after completion of five (5) years of employment. Vested employees are eligible to receive benefits upon Normal Retirement, Early Retirement, or Late Retirement (capitalized terms in this paragraph are from the Plan documents). The Plan also provides for disability and survivor death benefits. The

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

8. Retirement Plans (continued)

Defined Benefit Plan Description (continued)

Normal Retirement Benefit (equal to 2.3% of the Average Monthly Compensation multiplied by the years of benefit service not to exceed 30.435 years) is payable monthly for a minimum of five years certain and for life thereafter, with other payment options available, if an employee retires on the Normal Retirement Date after attaining age 65. The Early Retirement Benefit is available upon completion of 30 years or more of vesting service, attainment of age 62, or when the sum of the employee's age and years of service equals 85 or more and the employee has attained the age of 55 or more. Late Retirement commences when an employee works beyond the Normal Retirement Date. Benefits are adjusted for both Early Retirement and Late Retirement. Vested employees whose employment ends for reasons other than for retirement, disability, or death receive a pension benefit upon reaching the Normal Retirement Date or Early Retirement Date.

At the applicable measurement dates, the following participants were covered by the benefit terms:

	<u>2025</u>	<u>2024</u>
Retirees and beneficiaries receiving payments	572	561
Terminated vested participants not yet receiving benefits	56	56
Disabled participants	2	2
Active participants	<u>205</u>	<u>227</u>
Total	<u>835</u>	<u>846</u>

Contributions

Contributions to provide benefits under the Plan are made solely by the Authority. The Authority's funding policy adopted on September 14, 1997 prescribes a contribution equal to 100% of the actuarially determined contribution amount as provided by the plan's actuary. The funding policy was revised on July 28, 2015 to allow flexibility to fund the Plan throughout the year for an aggregate amount not to exceed 105% of the amount calculated by the actuary. The policy was amended again by the Port Commission formally on December 11, 2020, to allow the Authority's staff the flexibility to fund the Plan throughout the year without seeking further authorization from the Commission, provided the aggregate contributions in a fiscal year do not exceed 105% of the actuarially determined contribution as calculated by the Authority's actuary. The policy may be further amended by the Port Commission at its discretion. The implementation of this funding policy and the actuarial assumptions have been designed to provide sufficient funds to pay benefits as they become payable under the Plan.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(in thousands)

8. Retirement Plans (continued)

Contributions (continued)

Contributions by the Authority to the Plan were \$5,535 and \$8,445 for the years ended July 31, 2025 and 2024, respectively.

Net Pension Liability

The Authority's net pension liability was measured as of July 31, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 1, 2024, rolled forward to the measurement date.

Actuarial assumptions. The total pension liability in the August 1, 2024 actuarial valuation report was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2025</u>	<u>2024</u>
Valuation Date	August 1, 2024	August 1, 2023
Measurement Date	July 31, 2025	July 31, 2024
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar method	Level dollar method
Equivalent single amortization period of the unfunded liabilities	30 years	30 years
Asset valuation method	Fair value	Fair value
Investment rate of return	6.00%	6.00%
Projected salary increases	4.75% to 8.5%	2.5% to 10.0%
Inflation	2.29%	2.31%
Cost-of-living adjustment	None	None
Mortality	Pri-2012 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per MP-2021	Pri-2012 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per MP-2021

Long Term Expected Rate of Return

These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of arithmetic rates of return for each major asset class included in the Plan's target asset allocation as of July 31, 2025 and 2024 are summarized, respectively, in the following tables:

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

8. Retirement Plans (continued)

Long Term Expected Rate of Return (continued)

<u>2025</u>	<u>Target allocation</u>	<u>Long-term expected rate of return*</u>
<u>Asset Class</u>		
Large Cap US Equity	25.0 %	7.5 %
Mid Cap US Equity	7.5 %	7.5 %
Small Cap US Equity	10.0 %	7.5 %
Developed Foreign Equity	7.5 %	8.5 %
Fixed Income	30.0 %	2.5 %
High Yield Fixed Income	5.0 %	2.5 %
Bank Loans	5.0 %	2.5 %
Real Estate	5.0 %	4.5 %
Global Tactical Asset Allocation	5.0 %	5.0 %
Long-term expected (weighted) rate of return:		5.30 %
Actuarial assumed long-term investment rate of return or discount rate:		6.00 %
<u>2024</u>	<u>Target allocation</u>	<u>Long-term expected rate of return*</u>
<u>Asset Class</u>		
Large Cap US Equity	25.0 %	7.5 %
Mid Cap US Equity	7.5 %	7.5 %
Small Cap US Equity	10.0 %	7.5 %
Developed Foreign Equity	7.5 %	8.5 %
Fixed Income	30.0 %	2.5 %
High Yield Fixed Income	5.0 %	2.5 %
Bank Loans	5.0 %	2.5 %
Real Estate	5.0 %	4.5 %
Global Tactical Asset Allocation	5.0 %	5.0 %
Long-term expected (weighted) rate of return:		5.30 %
Actuarial assumed long-term investment rate of return or discount rate:		6.00 %

*Assumed rates of return utilized by the Plan's investment consultant for the fiscal period's allocation.

Discount rate. The discount rate used to measure the total pension liability was 6.00 percent for the years ended July 31, 2025 and 2024. The projection of cash flows used to determine the discount rate assumed that the Authority's contributions will be made at rates equal to the actuarially-determined contribution. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

8. Retirement Plans (continued)

Changes in the Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of January 1, 2025	\$ 224,600	\$ (222,161)	\$ 2,439
Service cost	3,050	-	3,050
Interest on total pension liability	13,276	-	13,276
Effect of economic/demographic gains or losses	1,291	-	1,291
Effect of assumption changes or inputs	10,417	-	10,417
Benefit payments	(12,953)	12,953	-
Administrative expenses	-	304	304
Expected investment income, net of investment expenses	-	(18,698)	(18,698)
Employer contributions	-	(5,535)	(5,535)
Balances as of December 31, 2025	<u>\$ 239,681</u>	<u>\$ (233,137)</u>	<u>\$ 6,544</u>
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of January 1, 2024	\$ 219,254	\$ (201,357)	\$ 17,897
Service cost	3,222	-	3,222
Interest on total pension liability	12,992	-	12,992
Effect of liability gains or losses	1,188	-	1,188
Effect of assumption changes or inputs	(3)	-	(3)
Benefit payments	(12,053)	12,053	-
Administrative expenses	-	338	338
Expected investment income, net of investment expenses	-	(24,750)	(24,750)
Employer contributions	-	(8,445)	(8,445)
Balances as of December 31, 2024	<u>\$ 224,600</u>	<u>\$ (222,161)</u>	<u>\$ 2,439</u>

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
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(in thousands)

8. Retirement Plans (continued)

Changes in the Net Pension Liability (continued)

Sensitivity of the net pension (asset) liability to changes in the discount rate. The following presents the net pension (asset) liability of the Authority calculated using the discount rate of 6.00% for both 2025 and 2024, as well as what the Authority's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% decrease	Current discount rate	1% increase
<u>2025</u>	<u>5.00%</u>	<u>6.00%</u>	<u>7.00%</u>
Net pension liability (asset)	\$ 32,729	\$ 6,544	\$ (15,925)

	1% decrease	Current discount rate	1% increase
<u>2024</u>	<u>5.00%</u>	<u>6.00%</u>	<u>7.00%</u>
Net pension liability (asset)	\$ 27,537	\$ 2,439	\$ (19,003)

Pension plan fiduciary net position. Detailed information about the Plan's fiduciary net position is available in the separately issued Port of Houston Authority Restated Retirement Plan report on the Authority's website (www.porthouston.com).

Pension Expense and Deferred Outflows / Inflows of Resources

For the years ended December 31, 2025 and 2024, the Authority recognized pension expense of \$6,484 and \$6,612, respectively. At December 31, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>2025</u>		
Differences between expected and actual experience	\$ 978	\$ -
Changes of assumptions	5,682	1
Net difference between projected and actual earnings	-	6,350
Contributions made subsequent to measurement date	2,853	-
Total	<u>\$ 9,513</u>	<u>\$ 6,351</u>

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

8. Retirement Plans (continued)

Pension Expense and Deferred Outflows / Inflows of Resources (continued)

<u>2024</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,070	\$ -
Changes of assumptions	-	5
Net difference between projected and actual earnings	-	3,912
Contributions made subsequent to measurement date	3,063	-
Total	<u>\$ 4,133</u>	<u>\$ 3,917</u>

The \$2,853 reported as deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31</u>	
2026	\$ 8,112
2027	(3,004)
2028	(3,678)
2029	<u>(1,121)</u>
Total	<u>\$ 309</u>

Defined Contribution Plan Description

In July of 2012, the Port Commission authorized the creation of the Port of Houston Authority Defined Contribution Plan ("DC Plan"). The DC Plan is a single-employer, defined contribution plan covering a single class of members, namely, all permanent, full-time employees of the Authority hired on or after August 1, 2012.

The Authority manages the operation and administration of the DC Plan, with third party custody, recordkeeping and other administrative services provided by Nationwide Retirement Solutions. The Authority's Chief Operating Officer served as trustee through December 31, 2025, and Nationwide Trust Company, FSB became the trustee as of January 1, 2026. The Port Commission maintains the authority to terminate the DC Plan or amend its provisions, including revisions in contribution requirements and investment alternatives offered to employees.

The DC Plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code and all contributions are tax-deferred until time of withdrawal. Under the provisions of the DC Plan, employees do not contribute to the DC Plan and are not

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(in thousands)

8. Retirement Plans (continued)

Defined Contribution Plan Description (continued)

permitted to rollover any distributions from other qualified plans or individual retirement accounts to the DC Plan. The Authority, as Plan Sponsor, may make employer contributions to the DC Plan at its discretion.

The Authority revised contributions to an employee's account on May 1, 2020 based on a percentage of base salary:

<u>Years of Service</u>	<u>% Contribution by the Authority</u>
0 to 5	6.0%
Greater than 5 up to 10	6.5%
Greater than 10 up to 15	7.0%
Greater than 15 up to 20	7.5%
Greater than 20	8.0%

Effective May 1, 2020, DC Plan benefits are to be paid to employees with at least three years of service, or to their beneficiaries. Contributions on behalf of each employee are invested in accordance with the employee's instructions, entirely in one fund or in any combination of the investment options offered. Individual accounts are maintained for each DC Plan participant. If applicable, each employee's account is credited with the Authority's contribution and account investment earnings and charged with withdrawals and account investment losses. The Authority funds administrative expenses associated with the DC Plan from its general fund.

The DC Plan does not issue stand-alone financial reports; therefore, the Authority includes the DC Plan Net Position in the fiduciary fund statements, as a fiduciary activity under GASB 84, *Fiduciary Funds* ("GASB 84"). The criteria under GASB 84 focuses on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists.

The DC Plan's assets, contributions and participants as of the last two fiscal years are as follows:

	<u>July 31, 2025</u>	<u>July 31, 2024</u>
Total assets	\$ 19,651	\$ 14,946
Contributions during the year	\$ 3,440	\$ 3,113
Number of participants	698	632

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

9. Other Postemployment Retiree Benefits

Plan Description

In addition to retirement benefits as described in Note 8, it is the current policy of the Authority to provide certain other postemployment benefits ("OPEB") to eligible retired employees and their dependents (the "OPEB Plan"). This is a single-employer defined benefit plan administered by an irrevocable trust; the Port Commission is responsible for the administration of the trust and for the investment of the trust's assets. Notwithstanding any accounting and financial reporting characterization herein, continuation of these benefits and the Authority's contributions to the trust are dependent on the continued authorization of the Port Authority's current OPEB Plan by the Port Commission.

The OPEB Plan issues a stand-alone financial report that is available on the Authority's website and may also be obtained by requesting such report from the Port of Houston Authority, P.O. Box 2562, Houston, TX 77252, Attention: Controller. Additionally, the Authority includes the OPEB plan net position in the fiduciary fund statements and presents the net OPEB asset in the noncurrent asset section of the Statements of Net Position.

The health insurance benefits provided to pre-Medicare retirees are the same as those offered to active employees. Medicare-eligible retirees have the option of enrolling in Medicare Risk plans offered by the Authority or in limited circumstances securing their own insurance and receiving a monthly reimbursement from the Authority towards the cost. The supplied benefits include certain hospital, doctor, and prescription drug charges.

Basic life insurance coverage provided to retirees is \$15; however, the life insurance benefit amount for retirees will be increased to \$25 beginning January 1, 2026.

Effective January 1, 2010, new hires become eligible for benefits after completion of twelve years of employment and upon retirement from the Authority. Employees hired prior to that date who reach their Early or Normal Retirement date and retire from the Authority are eligible for benefits. An eligible employee may also elect coverage for his or her eligible dependents, provided that such election is made at the time of the employee's retirement and not thereafter.

Disabled employees are covered in the Port of Houston Authority group health plan from the date of disability.

The widow/widower of a retiree who has health care coverage through the Authority may in most instances continue coverage upon the death of the retiree.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

9. Other Postemployment Retiree Benefits (continued)

The number of plan members consisted of the following on December 31, 2025 and 2024, the date of the last actuarial valuation on January 1, 2025:

	<u>2025</u>	<u>2024</u>
Active employees	822	738
Retired and disabled members	332	316
Covered spouses of retirees	<u>237</u>	<u>224</u>
	1,391	1,278

Funding Policy

The Port Commission has approved a revised funding policy that allows flexibility to fund the OPEB trust throughout the year for an aggregate amount not to exceed 105% of the actuarially determined contributions ("ADC") as calculated by the Authority's actuary. Alternatively, the Port Commission authorized a "funding holiday" if the funding status is 125% or greater. The Authority elected a funding holiday in fiscal years 2025 and 2024. The policy may be further amended by the Port Commission at its discretion.

The Port Commission is authorized to retain professional consultants and investment managers to assist in the investment of the OPEB trust's assets. The Port Commission also establishes investment guidelines and evaluates investment manager performance. The OPEB trust investment policy may be amended by the Port Commission by a majority vote of its members.

Investment Valuation and Income Recognition

Investments are stated at fair value. If available, quoted fair value prices are used to value investments. In the case of any unlisted asset, the trustee will determine the fair value utilizing pricing obtained from independent pricing services. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Net OPEB (Asset)

The Authority's net OPEB (asset) was measured as of December 31, 2025 and 2024, and the total OPEB liability used to calculate the net OPEB (asset) was determined by an actuarial valuation as of January 1, 2025, rolled forward to the measurement date.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(in thousands)

9. Other Postemployment Retiree Benefits (continued)

Net OPEB (Asset) (continued)

The following table shows the components of the Authority's total OPEB liability, fiduciary net position and net OPEB (Asset) at December 31, 2025 and 2024.

	<u>2025</u>	<u>2024</u>
Total OPEB liability	\$ 71,745	\$ 51,495
Fiduciary net position	<u>120,601</u>	<u>109,258</u>
Net OPEB (asset)	(48,856)	(57,763)
Fiduciary net position as a % of total OPEB liability	168.10 %	212.17 %
Covered employee payroll	81,846	70,919
Net OPEB (asset) as a % of covered employee payroll	(59.69)%	(81.45)%

The total OPEB liability in the January 1, 2025 actuarial valuation was determined using the following actuarial assumptions. The Port Commission approved the retiree life insurance benefit from \$15,000 to \$25,000, at the September 2025 Port Commission meeting and it approved adding new benefits for retiree dental and vision insurance effective at the October 2025 Port Commission meeting, effective January 1, 2027. The two enhancements are estimated to increase the Total OPEB liability by \$2,100 and \$7,800, respectively.

Discount Rate

	<u>2025</u>	<u>2024</u>
Discount rate	6.00 %	6.00 %
Long-term expected rate of return, net of investment expense	6.00 %	6.00 %

The OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the long-term expected rate of return.

The actuarial assumptions that determined the total OPEB liability as of December 31, 2025 and 2024 were based on the results of an actuarial experience study for the period August 1, 2019 - August 1, 2024.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(in thousands)

9. Other Postemployment Retiree Benefits (continued)

Valuation date	January 1, 2025	January 1, 2023
Measurement date	December 31, 2025	December 31, 2024
Inflation	2.34%	2.31%
Salary increases including inflation	Age based	Age based
Mortality	Pri-2012 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per Scale MP-2021	Pri-2012 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per Scale MP-2021
Actuarial cost method	Entry age normal	Entry age normal

The health care cost trend rate used for the 2025 annual OPEB expense over 55 years was 6.80%, remaining at 6.80%, before trending down to 3.70% (pre-Medicare), and 6.50%, increasing to 6.90%, before trending down to 3.70% (post-Medicare). The health care cost trend rate used for the 2025 year end valuation of total and net OPEB liability (asset) over 55 years was 5.10%, declining to 3.70%, before trending down to 3.70% (pre-Medicare), and 5.10%, trending down to 3.70% (post-Medicare).

The health care cost trend rate used for the 2024 annual OPEB expense over 55 years was 6.80%, before trending down to 3.70% (pre-Medicare), and 6.50% trending down to 3.70% (post-Medicare). The health care cost trend rate used for the 2024 year end valuation of total and net OPEB liability (asset) over 55 years was 5.10%, before trending down to 3.70% (pre-Medicare), and 5.10%, trending down to 3.70% (post-Medicare).

Annual Money-Weighted Rate of Return

For the years ended December 31, 2025 and 2024, the annual money-weighted rate of return on the OPEB trust investments, net of investment expense, was 13.13% and 10.51%, respectively. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested. The following table shows the money-weighted rate of return since the inception.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

9. Other Postemployment Retiree Benefits (continued)

Annual Money-Weighted Rate of Return (continued)

Fiscal Year Ending December 31	Net Money- Weighted Rate of Return
2018	-5.80%
2019	16.61%
2020	11.98%
2021	10.92%
2022	-14.54%
2023	16.34%
2024	10.51%
2025	13.13%

Long-Term Expected Rate of Return

These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of arithmetic rates of return for each major asset class included in the Plan's target asset allocation as of June 30, 2025 and 2024, respectively, and are based on a 20-year investment horizon.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

9. Other Postemployment Retiree Benefits (continued)

Long-Term Expected Rate of Return (continued)

2025

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Fixed Income	Bloomberg Barclays Aggregate	30.00 %	2.50 %
High Yield Fixed Income	Merrill Lynch High Yield Master	5.00 %	2.50 %
Bank Loans	Merrill Lynch High Yield Master	5.00 %	2.50 %
Large Cap U.S. Equity	S&P 500	25.00 %	7.50 %
Mid Cap U.S. Equity	Russell Mid Cap	7.50 %	7.50 %
Small Cap U.S. Equity	Russell 2000	10.00 %	7.50 %
Developed Foreign Equity	MSCI EAFE	7.50 %	8.50 %
Real Estate	FTSE Nareit all REITs TR	5.00 %	4.50 %
Global Tactical Asset Alloc	50% S&P 500/50% Bloomberg B	5.00 %	5.00 %
Long-Term expected (weighted) rate of return			5.30 %
Actuarial Assumed Long-Term Investment Rate of Return or Discount Rate			6.00 %

2024

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Fixed Income	Bloomberg Barclays Aggregate	30.00 %	2.50 %
High Yield Fixed Income	Merrill Lynch High Yield Master	5.00 %	2.50 %
Bank Loans	Merrill Lynch High Yield Master	5.00 %	2.50 %
Large Cap U.S. Equity	S&P 500	25.00 %	7.50 %
Mid Cap U.S. Equity	Russell Mid Cap	7.50 %	7.50 %
Small Cap U.S. Equity	Russell 2000	10.00 %	7.50 %
Developed Foreign Equity	MSCI EAFE	7.50 %	8.50 %
Real Estate	FTSE Nareit All REITs TR	5.00 %	4.50 %
Global Tactical Asset Alloc	50% S&P 500/50% Bloomberg B	5.00 %	5.00 %
Long-Term expected (weighted) rate of return			5.30 %
Actuarial Assumed Long-Term Investment Rate of Return or Discount Rate			6.00 %

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(in thousands)

9. Other Postemployment Retiree Benefits (continued)

Sensitivity Analysis

The following presents the net OPEB asset of the Authority as of December 31, 2025 and 2024, respectively, calculated using the discount rate of 6.00%, as well as what the Authority's net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>5.00%</u>	<u>Discount Rate</u>	<u>7.00%</u>
		<u>6.00%</u>	
<u>2025</u>			
Net OPEB asset	\$ (40,499)	\$ (48,856)	\$ (55,942)

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>5.00%</u>	<u>Discount Rate</u>	<u>7.00%</u>
		<u>6.00%</u>	
<u>2024</u>			
Net OPEB asset	\$ (52,383)	\$ (57,763)	\$ (62,353)

The following presents the net OPEB asset of the Authority as of December 31, 2025 and 2024, respectively, calculated using the current healthcare cost trend rates as well as what the Authority's net OPEB asset would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current trend rates.

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
		<u>Trend Rate</u>	
<u>2025</u>			
Net OPEB asset	\$ (57,609)	\$ (48,856)	\$ (38,031)

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
		<u>Trend Rate</u>	
<u>2024</u>			
Net OPEB asset	\$ (64,178)	\$ (57,763)	\$ (49,849)

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(in thousands)

9. Other Postemployment Retiree Benefits (continued)

OPEB Expense and Deferred Inflows\Outflows of Resources

For the year ended December 31, 2025, the Authority recognized OPEB expense of \$3,802. At December 31, 2025, the Authority reported deferred inflows\outflows of resources from the following sources:

	Deferred Inflows of Resources
Differences between expected and actual experience	\$ (18,283)
Changes of assumption	(770)
Net difference between projected and actual earnings	(8,166)
Total	<u>\$ (27,219)</u>
	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 4,134
Changes of assumption	2,039
Total	<u>\$ 6,173</u>

For the year ended December 31, 2024, the Authority recognized OPEB income of \$(6,669). At December 31, 2024, the Authority reported deferred inflows\outflows of resources from the following sources:

	Deferred Inflows of Resources
Differences between expected and actual experience	\$ (23,255)
Changes of assumption	(2,672)
Net difference between projected and actual earnings	(1,335)
Total	<u>\$ (27,262)</u>
	Deferred Outflows of Resources
Changes of assumption	\$ 1,112
Total	<u>\$ 1,112</u>

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(in thousands)

9. Other Postemployment Retiree Benefits (continued)

OPEB Expense and Deferred Inflows\Outflows of Resources (continued)

Amounts reported as deferred inflows and outflows of resources related to OPEB as of December 31, 2025 will be recognized in OPEB expenses as follows:

Year ending: December 31	
2026	\$ (3,630)
2027	(7,244)
2028	(5,440)
2029	(3,137)
2030	(1,421)
Thereafter	(174)
Total	<u>\$ (21,046)</u>

Changes in Net OPEB Asset

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Asset
Balances as of January 1, 2025	\$ 51,495	\$ 109,258	\$ (57,763)
Service cost	3,777	-	3,777
Effect of liability gains or losses	4,700	-	4,700
Effect of plan changes	9,959	-	9,959
Effect of assum changes or inputs	1,297	-	1,297
Interest on total OPEB liability	3,236	-	3,236
Benefit payments	(2,719)	(2,719)	-
Expected net investment income	-	6,469	(6,469)
Investment gains or losses	-	7,677	(7,677)
Administrative expense	-	(84)	84
Balances as of December 31, 2025	<u>\$ 71,745</u>	<u>\$ 120,601</u>	<u>\$ (48,856)</u>

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Asset
Balances as of January 1, 2024	\$ 53,475	\$ 100,658	\$ (47,183)
Service cost	2,807	-	2,807
Effect of economic/demographic gains or losses	(6,308)	-	(6,308)
Interest on total OPEB liability	3,323	-	3,323
Benefit payments	(1,802)	(1,802)	-
Net investment income	-	10,478	(10,478)
Administrative expense	-	(76)	76
Balances as of December 31, 2024	<u>\$ 51,495</u>	<u>\$ 109,258</u>	<u>\$ (57,763)</u>

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(in thousands)

10. Enterprise Risk Management

The Authority is exposed to risk of financial loss from property and casualty exposures. Property exposures include potential losses due to fire, windstorm, and other perils that may damage or destroy assets and/or result in loss of revenue and operations. Casualty exposures include potential losses resulting from third-party claims for bodily injury and/or property damage, breach of contract, and employment arising from the Authority's operations, management, and/or ownership of its assets. Workers' compensation is a casualty coverage. All potential exposures are managed by both commercial insurance coverage and self-insurance as described below.

Effective March 1, 2010, the Authority created a self-insurance program to manage losses within the Authority's threshold of loss appetite. At December 31, 2025 self-insurance fund cash of \$15,527 was held for funding future obligations. The current self-insured retention (SIR) is \$1,000 and \$350 for claims involving workers' compensation and liability, respectively. Aggregate limits are \$500,000 for workers' compensation and \$20,000 in excess liability. The balance of claim liabilities at December 31, 2025 and 2024 was \$5,193 and \$8,734, respectively.

Plan Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2024	\$ 8,731	\$ 1,599	\$ (1,596)	\$ 8,734
2025	\$ 8,734	\$ -	\$ (3,542)	\$ 5,192

As a Texas political subdivision, the Authority has certain governmental immunity protections. As such, the Authority's monetary damages are capped for any single occurrence: \$100 per person for bodily injury or death and \$300 per occurrence for all persons for bodily injury or death, and the cap for property damage is limited to \$100 per occurrence.

Other arrangements limiting liability are the Authority's maritime tariffs which provide a limitation of liability for property damage claims.

The described claim liabilities include an estimate for incurred but not reported and allocated claims-adjustment expenses and assessment of loss development factors, trend rates, and loss costs. The liability is included in the other noncurrent liabilities on the Statements of Net Position.

Claims liability is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2025 and 2024
(in thousands)

10. Enterprise Risk Management (continued)

date of the financial statements and the amount of the loss can be reasonably estimated. Such liability is based upon actual reserves and is not considered material.

11. Commitments and Contingencies

Commitments

At December 31, 2025 and 2024, the Authority had commitments of approximately \$130,591 and \$244,663, respectively, for supplies, services, and the purchase of equipment and the expansion of facilities.

Litigation and Claims

The Authority is a defendant in various legal actions, and may become involved in other disputes arising in the normal course of business; it cannot predict the results of such matters. However, based on consultation with outside counsel, the Authority generally believes the outcome of such matters will not materially affect its financial position.

12. Tax Abatement

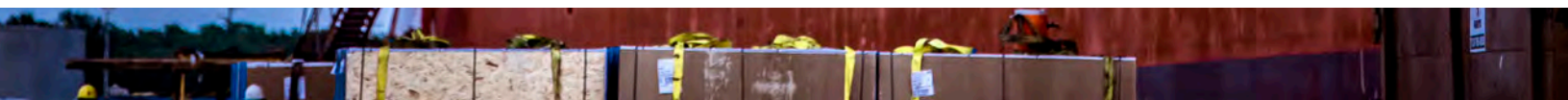
GASB Statement 77, "*Tax Abatement Disclosures*," defines a tax abatement as a reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forego tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement was entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Authority is subject to tax abatements granted by Harris County under the Economic Development Opportunity Act ("EDO").

For years ending 2025 and 2024, Harris County's gross tax and abated values were \$337,079 and \$349,579, and \$100,864 and \$102,800, respectively; therefore, under agreements entered into by Harris County, the Authority's abated property tax revenues remain the same at \$6 in 2025 and \$6 in 2024.



REQUIRED SUPPLEMENTARY INFORMATION



Port of Houston Authority of Harris County, Texas
Required Supplementary Information

Port of Houston Authority Restated Retirement Plan
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Last Ten Years
in thousands
(unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension										
Liability:										
Service cost	3,050	3,222	3,406	3,224	3,428	3,424	3,321	3,402	3,198	3,229
Interest on total pension liability	13,276	12,992	12,984	12,976	12,664	12,782	12,592	12,454	12,251	11,883
Effect of economic / demographic gains or losses	1,291	1,188	1,722	1,261	909	1,000	(1,325)	(1,207)	(116)	(695)
Effects of assumption changes or inputs	10,417	(3)	(17)	6,307	(909)	(289)	3,516	(2,203)	5,012	-
Benefit payments	(12,953)	(12,053)	(19,931)	(11,414)	(11,132)	(10,549)	(10,326)	(10,085)	(9,858)	(9,552)
Net change in total pension liability	15,081	5,346	(1,836)	12,354	4,960	6,368	7,778	2,361	10,487	4,865
Total pension liability - beginning	224,601	219,255	221,091	208,737	203,777	197,409	189,631	187,270	176,783	171,918
Total pension liability - ending (a)	239,682	224,601	219,255	221,091	208,737	203,777	197,409	189,631	187,270	176,783
Fiduciary net position:										
Employer contributions*	5,535	8,445	8,887	4,051	5,834	10,625	4,658	5,257	9,600	4,500
Investment income net of investment expenses	18,698	24,750	13,563	(19,046)	40,210	7,024	6,031	12,378	14,220	1,741
Benefit payments	(12,953)	(12,053)	(19,931)	(11,414)	(11,132)	(10,549)	(10,326)	(10,085)	(9,858)	(9,552)
Administrative expenses	(304)	(338)	(316)	(331)	(269)	(257)	(243)	(255)	(280)	(235)
Net change in fiduciary net position	10,976	20,804	2,203	(26,740)	34,643	6,843	120	7,295	13,682	(3,546)
Fiduciary net position, beginning	222,161	201,357	199,154	225,894	191,251	184,408	184,288	176,993	163,311	166,857
Fiduciary net position, ending (b)	233,137	222,161	201,357	199,154	225,894	191,251	184,408	184,288	176,993	163,311
Net pension liability (asset), ending = (a) - (b)	6,545	2,440	17,898	21,937	(17,157)	12,526	13,001	5,343	10,277	13,472
Fiduciary net position as a % of total pension liability	97.27 %	98.91 %	91.84 %	90.08 %	108.22 %	93.85 %	93.41 %	97.18 %	94.51 %	92.38 %
Covered Payroll	25,843	27,386	28,160	28,851	28,395	29,925	29,889	29,960	30,210	30,412
Net pension liability (asset) as a % of covered payroll	25.33 %	8.91 %	63.56 %	76.04 %	(60.42)%	41.86 %	43.50 %	17.83 %	34.02 %	44.30 %

* The increase in employer contributions from 2019 to 2020 is due primarily to additional funding of \$5.0 million authorized by the Port Commission.

* The increase in employer contributions from 2016 to 2017 is due primarily to additional funding of \$4.0 million authorized by the Port Commission to partially offset the increase in the Plan's unfunded actuarial accrued liability resulting from a reduction of the actuarial assumption rate from 7.00% to 6.75%.

Port of Houston Authority of Harris County, Texas
Required Supplementary Information

Port of Houston Authority Restated Retirement Plan
Schedule of Port Authority Contributions
Last Ten Plan Fiscal Years
in thousands
(unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 5,535	\$ 8,445	\$ 8,887	\$ 3,858	\$ 5,834	\$ 5,374	\$ 4,437	\$ 5,007	\$ 5,153	\$ 4,481
Contributions in relation to the actuarially determined contribution	5,535	8,445	8,887	4,051	5,834	10,625	4,658	5,257	9,600	4,500
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (193)</u>	<u>\$ -</u>	<u>\$ (5,251)</u>	<u>\$ (221)</u>	<u>\$ (250)</u>	<u>\$ (4,447)</u>	<u>\$ (19)</u>
Covered payroll	\$ 25,843	\$ 27,803	\$ 28,160	\$ 26,896	\$ 26,635	\$ 27,419	\$ 29,889	\$ 29,960	\$ 30,210	\$ 30,412
Contributions as a percentage of covered payroll	21.42 %	30.37 %	31.56 %	15.06 %	21.90 %	38.75 %	15.58 %	17.55 %	31.78 %	14.80 %

Notes to Schedule:

Valuation timing	Actuarially determined contribution rates are calculated as of July 31 of the fiscal year in which the contributions are reported
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Asset valuation method	Fair value
Inflation	2.29%
Salary Increases	4.75% to 8.5%
Investment rate of return	6.00%
Cost of living adjustments	None
Retirement age	Ranging from 5% at age 55 to 100% at age 70
Turnover	Rates from most recent experience study performed in 2025
Mortality	Pri-2012 Mortality for Employees, Healthy Annuitants and Disabled Annuitants with generational projection per Scale MP-2021

The table was updated to reflect current actuarial assumptions used.

Port of Houston Authority of Harris County, Texas
Required Supplementary Information

Port of Houston Authority Pension Plan
Schedule of Annual Money-Weighted Rate of Return
(unaudited)

Fiscal Year Ending December 31,	Net Money- Weighted Rate of Return
2016	(0.65)%
2017	8.40 %
2018	5.60 %
2019	1.30 %
2020	1.66 %
2021	19.71 %
2022	(10.52)%
2023	7.04 %
2024	12.42 %
2025	8.57 %

Port of Houston Authority of Harris County, Texas
Required Supplementary Information

Port of Houston Authority OPEB Plan
Schedule of Annual Money-Weighted Rate of Return
(unaudited)

Fiscal Year Ending December 31,	Net Money- Weighted Rate of Return
2016	10.50 %
2017	10.90 %
2018	(5.80)%
2019	16.61 %
2020	11.98 %
2021	10.92 %
2022	(14.54)%
2023	16.34 %
2024	10.51 %
2025	13.13 %

Port of Houston Authority of Harris County, Texas
Required Supplementary Information

Port of Houston Authority OPEB Plan
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
Fiscal Year Ending December 31,
in thousands
(unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service cost	3,777	2,807	2,994	2,473	2,374	3,212	3,081	3,289	3,081
Interest on total OPEB liability	3,236	3,323	3,774	3,540	4,168	4,727	5,145	4,864	4,593
Effect of Plan Changes	9,960	-	-	-	-	-	-	-	-
Effect of economic / demographic (gains) or losses	4,700	(6,308)	(12,280)	-	(14,126)	-	(7,445)	-	-
Effect of assumption changes or inputs	1,297	-	-	1,754	(265)	(10,675)	(1,408)	-	-
Benefit payments	(2,719)	(1,802)	(1,820)	(2,199)	(2,414)	(2,519)	(3,464)	(4,084)	(3,654)
Net change in total OPEB liability	20,251	(1,980)	(7,332)	5,568	(10,263)	(5,255)	(4,091)	4,069	4,020
Total OPEB liability - beginning	51,495	53,475	60,807	55,239	65,502	70,757	74,848	70,779	66,759
Total OPEB liability - ending (a)	71,746	51,495	53,475	60,807	55,239	65,502	70,757	74,848	70,779
Fiduciary Net Position									
Employer contributions	-	-	-	-	2,627	5,431	8,464	9,484	9,454
Net investment (loss) income	14,147	10,478	14,262	(15,130)	10,395	10,035	11,391	(3,915)	5,714
Benefit payments	(2,719)	(1,802)	(1,820)	(2,199)	(2,414)	(2,519)	(3,464)	(4,084)	(3,655)
Administrative expense	(84)	(76)	(69)	(69)	(73)	(61)	(93)	(100)	-
Net change in plan fiduciary net position	11,344	8,600	12,373	(17,398)	10,535	12,886	16,298	1,385	11,513
Fiduciary net position - beginning	109,258	100,658	88,285	105,683	95,148	82,262	65,964	64,579	53,066
Fiduciary net position - ending (b)	120,602	109,258	100,658	88,285	105,683	95,148	82,262	65,964	64,779
Net OPEB liability/(asset) ending (a) - (b)	(48,856)	(57,763)	(47,183)	(27,478)	(50,444)	(29,646)	(11,505)	8,884	6,200
Fiduciary net position as a % of total OPEB liability	168 %	212 %	188 %	145 %	191 %	145 %	116 %	88 %	91 %
Covered-employee payroll for OPEB	81,846	70,919	67,865	60,201	57,608	49,778	49,778	40,287	40,287
Net OPEB liability/(asset) as a % of covered-employee payroll for OPEB	(60)%	(81)%	(70)%	(46)%	(88)%	(60)%	(23)%	22 %	15 %

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

Changes of assumptions and other inputs reflect the effects of changes in the discount rate, election, demographic and health assumptions each period.

Port of Houston Authority of Harris County, Texas
Required Supplementary Information

Port of Houston Authority OPEB Plan
Schedule of Actuarially Determined Contributions
Last Ten Fiscal Years
in thousands
(unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution*	\$ -	\$ -	\$ -	\$ -	\$ 2,627	\$ 3,494	\$ 3,324	\$ 4,384	\$ 5,402	\$ 5,798
Contributions in relation to the actuarially determined contribution	-	-	-	-	2,627	5,431	8,464	9,484	9,454	8,772
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,937)	\$ (5,140)	\$ (5,100)	\$ (4,052)	\$ (2,974)
Covered-employee payroll for OPEB	\$ 81,846	\$ 70,919	\$ 67,865	\$ 60,201	\$ 57,608	\$ 49,778	\$ 49,778	\$ 40,287	\$ 40,287	\$ 38,907
Contributions as a percentage of covered-employee payroll for OPEB	-	-	-	-	4.56 %	10.91 %	17.00 %	23.54 %	23.47 %	22.55 %

Notes to Schedule

Valuation timing	Actuarial valuations for funding purposes are performed biennially as of January 1. The most recent valuation was performed as of January 1, 2025
Actuarial cost method	Entry Age Normal
Amortization method	
Level percent or level dollar	Level dollar
Closed, open, or layered periods	Open
Amortization period at January 1, 2025	10 years
Asset valuation method	Fair Value
Inflation	2.34%
Salary Increases	Age based
Discount Rate	6.00%
Healthcare Cost Trend Rates	6.90% for 2025, gradually decreasing to an ultimate rate of 3.70%
Mortality	Pri-2012 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per Scale MP-2021

* Annual required contributions for 2017 and prior years are under GASB 45. Subsequent contributions are under GASB 74 and 75.

* There were no required actuarially determined contributions for 2022 - 2025.



SUPPLEMENTARY INFORMATION

Port of Houston Authority of Harris County, Texas
Combining Statement of Fiduciary Net Position
As of December 31, 2025 and 2024
(in thousands)

	Defined Contribution 7/31/2025	Pension 7/31/2025	OPEB 12/31/2025	Total	Defined Contribution 7/31/2024	Pension 7/31/2024	OPEB 12/31/2024	Total
Assets								
Cash and cash equivalents	\$ 348	\$ 1,998	\$ 1,166	\$ 3,512	\$ 312	\$ 2,114	\$ 1,324	\$ 3,750
Investment Securities								
Domestic Equity	2,904	104,332	53,469	160,705	1,947	98,377	51,650	151,974
International Equity	662	24,666	13,788	39,116	389	23,943	11,326	35,658
Fixed Income	447	89,935	46,106	136,488	291	85,906	39,355	125,552
Balanced Funds *	15,290	11,814	5,981	33,085	12,007	11,520	5,348	28,875
Accrued Investment Income	-	431	323	754	-	365	275	640
Total Assets	<u>19,651</u>	<u>233,176</u>	<u>120,833</u>	<u>373,660</u>	<u>14,946</u>	<u>222,225</u>	<u>109,278</u>	<u>346,449</u>
Liabilities								
Investment Expenses	-	39	232	271	-	64	20	84
Total Liabilities	<u>-</u>	<u>39</u>	<u>232</u>	<u>271</u>	<u>-</u>	<u>64</u>	<u>20</u>	<u>84</u>
Net Position restricted for pension/OPEB	<u>\$ 19,651</u>	<u>\$ 233,137</u>	<u>\$ 120,601</u>	<u>\$ 373,389</u>	<u>\$ 14,946</u>	<u>\$ 222,161</u>	<u>\$ 109,258</u>	<u>\$ 346,365</u>

* Mutual funds that include both equity and fixed income securities

Port of Houston Authority of Harris County, Texas
Combining Statements of Changes in Fiduciary Net Position
As of December 31, 2025 and 2024
(in thousands)

	Defined Contribution 7/31/2025	Pension 7/31/2025	OPEB 12/31/2025	Total	Defined Contribution 7/31/2024	Pension 7/31/2024	OPEB 12/31/2024	Total
Additions :								
Employer contributions	\$ 3,440	\$ 5,535	\$ -	\$ 8,975	\$ 3,242	\$ 8,445	\$ -	\$ 11,687
Net Investment Income	2,371	18,698	14,255	35,324	1,800	24,752	10,557	37,109
Total additions	5,811	24,233	14,255	44,299	5,042	33,197	10,557	48,796
Deductions:								
Benefits payments and withdrawals	(1,106)	(12,953)	(2,719)	(16,778)	(1,025)	(12,053)	(1,802)	(14,880)
Administrative Expenses	(1,106)	(304)	(193)	(497)	(1,025)	(338)	(155)	(493)
Total deductions	(1,106)	(13,257)	(2,912)	(17,275)	(1,025)	(12,391)	(1,957)	(15,373)
Net increase in net position	4,705	10,976	11,343	27,024	4,017	20,806	8,600	33,423
Net position restricted for pension/ OPEB, beginning of year								
	14,946	222,161	109,258	346,365	10,929	201,355	100,658	312,942
Net position restricted for pension/ OPEB, end of year								
	\$ 19,651	\$ 233,137	\$ 120,601	\$ 373,389	\$ 14,946	\$ 222,161	\$ 109,258	\$ 346,365



STATISTICAL SECTION

Statistical Section

This part of the Authority's annual comprehensive financial report presents detailed information as a context to better understand what the information in the financial statements, note disclosures and required supplementary information discloses concerning the Authority's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the Authority's financial performance has changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Authority's two most significant revenue sources, operating revenues and property taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

Sources

Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

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FINANCIAL TRENDS

Port of Houston Authority of Harris County, Texas
Net Position by Component
Last Ten Fiscal Years
 (accrual basis of accounting)
 (unaudited)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Net investment in capital assets	\$2,388,524	\$2,055,561	\$1,710,445	\$1,476,612	\$1,394,024	\$1,294,888	\$1,119,856	\$1,050,604	\$1,023,578	\$ 919,177
Restricted										
Debt Service	41,790	42,895	42,627	43,701	43,806	45,740	45,346	44,646	45,622	45,705
Net Pension asset	-	-	-	-	17,157	-	-	-	-	-
Net OPEB asset	48,856	57,763	47,183	27,478	50,444	29,646	-	-	-	-
Unrestricted	<u>736,453</u>	<u>758,178</u>	<u>801,462</u>	<u>772,647</u>	<u>494,708</u>	<u>396,505</u>	<u>473,731</u>	<u>416,108</u>	<u>311,127</u>	<u>312,363</u>
Total Net Position	<u>\$3,215,623</u>	<u>\$2,914,397</u>	<u>\$2,601,717</u>	<u>\$2,320,438</u>	<u>\$2,000,139</u>	<u>\$1,766,779</u>	<u>\$1,638,933</u>	<u>\$1,511,358</u>	<u>\$1,380,327</u>	<u>\$1,277,245</u>

Port of Houston Authority of Harris County, Texas
Changes in Net Position
Last Ten Fiscal Years
(in thousands)
(unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Operating revenues:										
Container operations	\$ 571,225	523,396	\$ 473,984	\$ 614,714	\$ 483,477	\$ 357,386	\$ 365,086	\$ 344,272	\$ 309,058	\$ 266,703
Multipurpose Cargo Facilities	80,808	76,461	81,959	5,525	5,047	5,174	5,704	5,313	4,906	5,140
Commercial lease	7,054	6,859	7,285	22,886	19,500	21,665	18,065	18,079	15,976	15,869
Other	24,856	27,775	21,842	8,149	8,544	6,507	2,582	1,652	2,933	2,514
Nonoperating revenues:										
Investment income	43,823	58,575	51,602	11,515	1,062	9,810	13,017	9,319	4,553	4,896
Other	18,563	16,917	10,223	11,209	7,627	833	1,282	345	1,703	2,690
Nonoperating revenues related to property taxes:										
Property taxes	38,520	38,510	35,609	44,961	43,702	48,965	51,061	50,951	53,842	55,749
Investment income / (loss) on bond proceeds	2,113	2,467	2,213	531	30	349	967	721	264	119
Total Revenues:	786,962	750,960	684,717	719,490	568,989	450,689	457,764	430,652	393,235	353,680
Operating expenses:										
Maintenance and operations of facilities	285,871	259,212	240,332	236,575	193,869	178,606	177,122	157,524	147,185	141,102
General and administrative	76,190	73,793	57,415	54,335	48,582	46,225	50,420	49,608	39,102	44,286
Depreciation and amortization	111,434	110,007	97,170	85,588	80,723	77,829	74,020	72,027	66,487	64,601
Impairment of Capital Assets	-	-	-	-	-	-	-	-	-	15,114
Nonoperating expenses:										
Interest expense on revenue bonds	26,510	26,918	17,750	9,681	2,783	-	-	-	-	-
Contributions to state and local agencies	504	89	1,463	8,414	10,985	235	4,327	2,095	4,243	2,127
Loss on disposal of assets	-	13,491	5	33	36	126	4	1	33	(2,976)
Other	1,060	1,046	223	76	-	-	107	1,440	2,187	1,033
Nonoperating expenses related to property taxes:										
Interest expense on unlimited tax bonds	11,368	12,317	12,229	13,002	13,483	23,526	24,451	28,927	30,010	31,548
Property tax collection expense	685	830	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Other	545	1,114	326	417	355	384	410	420	400	303
Total Expenses:	514,167	498,817	428,013	409,221	351,916	328,031	331,961	313,142	290,747	298,238
Income before contributions	272,795	252,143	256,704	310,269	217,073	122,658	125,803	117,510	102,488	55,442
Capital contributions from federal/state agencies	28,431	60,537	24,575	10,030	16,287	5,188	1,772	5,219	8,896	2,453
Change in net position	301,226	312,680	281,279	320,299	233,360	127,846	127,575	122,729	111,384	57,895
Net position, January 1	2,914,397	2,601,717	2,320,438	2,000,139	1,766,779	1,638,933	1,511,358	1,388,629	1,277,245	1,219,350
Net position, December 31	\$ 3,215,623	\$ 2,914,397	\$ 2,601,717	\$ 2,320,438	\$ 2,000,139	\$ 1,766,779	\$ 1,638,933	\$ 1,511,358	\$ 1,388,629	\$ 1,277,245



REVENUE CAPACITY

Port of Houston Authority of Harris County, Texas
Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

(amounts in thousands)

(unaudited)

<u>Year Levied</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Less: Exemptions (a)</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2016	\$ 467,478,230	\$ 51,201,800	\$ 109,296,383	\$ 409,383,647	\$ 0.01334
2017	486,904,155	48,036,665	109,150,988	425,789,832	0.01256
2018	507,215,984	49,241,694	118,780,750	437,676,928	0.01155
2019	546,249,496	50,880,252	126,713,304	470,416,444	0.01074
2020	578,509,817	52,804,343	139,216,727	492,097,433	0.00991
2021	608,284,329	47,793,125	148,085,343	507,992,111	0.00872
2022	679,924,545	53,707,009	162,991,668	570,639,886	0.00799
2023	760,814,966	63,067,111	185,085,614	638,796,463	0.00574
2024	783,700,795	66,786,774	202,552,082	647,935,487	0.00615
2025	814,879,801	69,028,068	214,403,266	669,504,603	0.00590

- Source: Harris County Appraisal District Property Use Recap as of 12/2025

- Note: Property is assessed at actual value and is reassessed each year. Tax rates are per \$100 of assessed value.

- Note (a) Exemptions are primarily made up of the homestead property exemption of 20%. In addition, persons 65 years of age or older receive an exemption up to a maximum individual amount of \$320,000.

Port of Houston Authority of Harris County, Texas
County-Wide Ad Valorem Tax Rates
Last Ten Fiscal Years
Year Levied
(unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Harris County										
General Fund	\$ 0.33696	\$ 0.33454	\$ 0.30281	\$ 0.30105	\$ 0.33500	\$ 0.34028	\$ 0.34174	\$ 0.35000	\$ 0.34500	\$ 0.34500
General Bonds Debt Service	0.04400	0.05075	0.04726	0.04268	0.04193	0.05088	0.04711	0.05084	0.05234	0.05111
Total Constitutional Funds	0.38096	0.38529	0.35007	0.34373	0.37693	0.39116	0.38885	0.40084	0.39734	0.39611
County - Wide Road Debt Service	-	-	-	-	-	-	0.01828	0.01774	0.02067	0.02045
Total - Harris County	0.38096	0.38529	0.35007	0.34373	0.37693	0.39116	0.40713	0.41858	0.41801	0.41656
Flood Control District										
Maintenance	0.03826	0.03774	0.02010	0.02043	0.02599	0.02649	0.02670	0.02738	0.02736	0.02745
Debt Service	0.01140	0.01123	0.01095	0.01012	0.00750	0.00493	0.00122	0.00139	0.00095	0.00084
Total - Flood Control	0.04966	0.04897	0.03105	0.03055	0.03349	0.03142	0.02792	0.02877	0.02831	0.02829
Port of Houston Authority										
Debt Service	0.00590	0.00615	0.00574	0.00799	0.00872	0.00991	0.01074	0.01155	0.01256	0.01334
Hospital District										
General	0.17876	0.16212	0.14206	0.14678	0.16047	0.16491	0.16491	0.17000	0.17000	0.17000
Debt Service	0.00885	0.00136	0.00137	0.00153	0.00174	0.00180	0.00100	0.00108	0.00110	0.00179
Total Hospital District	0.18761	0.16348	0.14343	0.14831	0.16221	0.16671	0.16591	0.17108	0.17110	0.17179
Total	\$ 0.62413	\$ 0.60389	\$ 0.53029	\$ 0.53058	\$ 0.58135	\$ 0.59920	\$ 0.61170	\$ 0.62998	\$ 0.62998	\$ 0.62998

- Source: Harris County Appraisal District

- Note: Tax rates are stated per \$100 assessed valuation.

Port of Houston Authority of Harris County, Texas
Direct and Overlapping Debt and Property Tax Rates
December 31, 2025
(unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
County-Wide Taxing Jurisdiction										
Harris County	\$0.38096	\$0.38529	\$0.35007	\$0.34373	\$0.37693	\$0.39116	\$0.40713	\$0.41858	\$0.41801	\$0.41656
Harris County Flood Control District	0.04966	0.04897	0.03105	0.03055	0.03349	0.03142	0.02792	0.02877	0.02831	0.02829
Port of Houston Authority	0.00590	0.00615	0.00574	0.00799	0.00872	0.00991	0.01074	0.01155	0.01256	0.01334
Harris County Hospital District	0.18761	0.16348	0.14343	0.14831	0.16221	0.16671	0.16591	0.17108	0.17110	0.17179
Total County-wide	\$0.62413	\$0.60389	\$0.53029	\$0.53058	\$0.58135	\$0.59920	\$0.61170	\$0.62998	\$0.62998	\$0.62998
Cities										
Baytown	\$0.69803	\$0.70042	\$0.72000	\$0.75000	\$0.78500	\$0.79515	\$0.80203	\$0.81203	\$0.82203	\$0.82203
Bellaire	0.41740	0.43330	0.43700	0.44730	0.44730	0.44730	0.44730	0.43130	0.41590	0.38740
Deer Park	0.72000	0.72000	0.72000	0.72000	0.72000	0.72000	0.72000	0.72000	0.72000	0.72000
Houston	0.51919	0.51919	0.51919	0.53364	0.55083	0.56184	0.56792	0.58831	0.58421	0.58642
La Porte	0.71000	0.71000	0.71000	0.71000	0.71000	0.71000	0.71000	0.71000	0.71000	0.71000
League City	0.36355	0.36900	0.39500	0.41553	0.46553	0.51500	0.54858	0.56380	0.56500	0.57000
Missouri City	0.57083	0.57083	0.57083	0.57375	0.57804	0.59804	0.63000	0.63000	0.60000	0.56010
Pasadena	0.46559	0.47483	0.45551	0.49758	0.51591	0.53368	0.57034	0.61545	0.57539	0.57539
Pearland	0.63000	0.63500	0.65540	0.62377	0.70142	0.72000	0.74121	0.70916	0.68506	0.68120
Seabrook	0.46415	0.45516	0.45776	0.47653	0.52444	0.54361	0.55198	0.55198	0.57491	0.56518
South Houston	0.56956	0.56852	0.55266	0.63341	0.69000	0.69805	0.69991	0.65050	0.64330	0.63221
Webster	0.37106	0.37483	0.33394	0.36475	0.39334	0.37357	0.36200	0.34794	0.31725	0.28450
West University Place	0.22944	0.24193	0.26084	0.27740	0.27852	0.29407	0.30921	0.31680	0.31680	0.31680
School Districts	.8783-1.2552	.8683-1.2552	0.8683-1.2575	1.0372-1.4430	1.0944-1.4651	1.1331-1.5016	1.1367-1.5684	1.2067-1.6700	1.2067-1.6700	1.2067-1.6700

- Source: Harris County Appraisal District jurisdiction information as of 12/31/25; includes all tax bonds.

Port of Houston Authority of Harris County, Texas
Principal Property Tax Payers
Current Year and Nine Years Ago
(amounts in thousands)
(unaudited)

Tax Payers	2025			2016		
	2025 Taxable Valuations (a)	Rank	Percentage of Total 2025 Taxable Valuation (b)	2016 Taxable Valuations (a)	Rank	Percentage of Total 2016 Taxable Valuation (c)
CenterPoint Energy Inc.	\$ 6,700,954	1	0.99	\$ 3,298,690	1	0.81
EXXON Mobil Corp.	5,024,621	2	0.75	3,090,728	2	0.75
Chevron Chemical Co.	3,095,977	3	0.46	2,417,947	3	0.59
Equistar Chemicals LP	1,642,979	4	0.25	1,448,840	5	0.35
Paile LLC	1,458,134	5	0.22	-	-	-
LYB Channelview Potba LLC	1,456,177	6	0.22	-	-	-
Enterprise Crude Pipeline	1,255,116	7	0.19	-	-	-
HEB Grocery Co. LP	1,183,717	8	0.18	-	-	-
Walmart	1,137,321	9	0.17	877,125	10	0.21
Shell Oil Co.	1,127,736	10	0.17	2,219,995	4	0.54
Palmetto Transoceanic LLC	1,097,325	11	0.16	1,289,093	6	0.31
Liberty Property	1,034,252	12	0.15	-	0	-
Lyondell Chemical Co.	914,025	13	0.14	-	-	-
Amazon	896,671	14	0.13	-	-	-
Kinder Morgan	807,551	15	0.12	-	-	-
Oil Tanking Houston	776,099	16	0.12	-	-	-
Valero Energy	744,653	17	0.11	749,776	12	0.18
Intercontinental Terminal	721,731	18	0.11	-	-	-
Kroger Co.	701,463	19	0.10	544,166	17	0.14
Total Petrochemicals	696,165	20	0.10	-	-	-
Cousins Greenway	-	-	-	1,090,950	7	0.27
Crescent Real Estate	-	-	-	986,950	8	0.24
One Two & Three Allen Center	-	-	-	924,340	9	0.23
National Oilwell Inc.	-	-	-	760,983	11	0.19
Celanese Ltd	-	-	-	736,644	13	0.18
HG Galleria I II III LP	-	-	-	687,115	14	0.17
Hewlett Packard	-	-	-	631,122	15	0.15
United Airlines	-	-	-	629,727	16	0.15
Conoco Phillips Co.	-	-	-	551,676	18	0.13
1000 Louisiana LP	-	-	-	551,073	19	0.13
Texas Tower Ltd	-	-	-	547,809	20	0.13
Total	\$ 32,472,667		4.84 %	\$ 24,034,749		5.85 %

- Source: Harris County Appraisal District

- Note (a) Amounts shown for these taxpayers do not include taxable valuations, which may be substantial, attributable to certain subsidiaries and affiliates which are not grouped on the tax rolls with the taxpayers shown.

- Note (b) Based on the County's total taxable value as of December 6, 2025.

- Note (c) Based on the County's total taxable value as of December 18, 2016.

Port of Houston Authority of Harris County, Texas
Property Taxes Levies and Collections
For the Years 2016 through 2025
(in thousands)
(unaudited)

<u>Fiscal Year</u>	<u>Taxes Levied for Fiscal Year</u>	<u>Collections within the Fiscal Year of the Levy</u>		<u>Collections After One Year (a)</u>	<u>Total Collections After One Year (a)</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2016	\$ 54,806	\$ 51,946	94.78 %	\$ 1,981	\$ 53,926	98.39 %
2017	53,652	50,738	94.57 %	2,008	52,746	98.31 %
2018	50,668	48,252	95.23 %	1,502	49,754	98.20 %
2019	50,643	48,165	95.11 %	1,231	49,396	97.54 %
2020	48,994	45,656	93.19 %	2,127	47,783	97.53 %
2021	44,380	42,128	94.93 %	1,206	43,334	97.65 %
2022	45,635	42,892	93.99 %	1,746	44,638	97.82 %
2023	36,589	34,473	94.22 %	1,044	35,517	97.07 %
2024	39,864	37,609	94.34 %	1,248	38,857	97.47 %
2025	39,440	36,409	92.32 %	N/A	N/A	N/A

- Source: Harris County Tax Assessor - Collector as of February 28, 2026
- Note (a) Collections after one year reflect monies collected in the year following the levy and are not updated annually.
- N/A - Not Available

Port of Houston Authority of Harris County, Texas
Operating Revenues by Type
Last Ten Fiscal Years
(in thousands)
(unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Operating revenues: (a) (b) (c)										
Container operations	\$ 571,225	\$ 523,396	\$ 473,984	\$ 614,714	\$ 483,477	\$ 357,386	\$ 365,086	\$ 344,272	\$ 309,058	\$ 266,703
Multipurpose Cargo Facilities	80,808	76,461	81,959	5,525	5,047	5,174	5,704	5,313	4,906	5,140
Commercial lease	7,054	6,859	7,285	22,886	19,500	21,665	18,065	18,079	15,976	15,869
Other	24,856	27,775	21,842	8,149	8,544	6,507	2,582	1,652	2,933	2,514
Total Operating Revenue	<u>\$ 683,943</u>	<u>\$ 634,491</u>	<u>\$ 585,070</u>	<u>\$ 651,274</u>	<u>\$ 516,568</u>	<u>\$ 390,732</u>	<u>\$ 391,437</u>	<u>\$ 369,316</u>	<u>\$ 332,873</u>	<u>\$ 290,226</u>
Revenue Tonnage (Short Tons)*										
General Cargo	45,223	43,606	40,945	41,928	34,438	31,708	34,074	31,653	28,878	25,226
Bulk	9,269	9,460	9,378	13,133	10,095	9,980	9,063	9,210	9,396	9,621
Total Revenue Tonnage	<u>54,492</u>	<u>53,066</u>	<u>50,323</u>	<u>55,061</u>	<u>44,533</u>	<u>41,688</u>	<u>43,137</u>	<u>40,863</u>	<u>38,274</u>	<u>34,847</u>

- Source: The Authority
- Note (a) Vessel and cargo services, grain elevator and bulk material revenues are generated by general cargo and bulk tonnage.
- Note (b) Revenues are defined by tariffs based upon terminal and type of services. Some units of measure used (depending on type of service) are units, weight, number of days and gallons.
- Note (c) Excludes Port Development Corporation and Port of Houston Authority International Corporation
- * Short ton equals 2,000 pounds

Port of Houston Authority of Harris County, Texas
Revenue Tonnage
Last Ten Fiscal Years
(in short tons)
(unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Cargo										
Barbours Cut										
All other	14,467,894	14,314,367	15,730,348	15,635,117	12,146,844	12,307,526	11,226,819	10,737,680	9,811,047	9,470,902
Bayport Container Terminal	24,518,905	22,877,024	18,894,170	17,883,852	16,529,686	15,385,083	16,603,071	14,605,339	13,026,783	10,854,617
Turning Basin										
Autos import	565	13,439	190,946	113,973	98,014	85,344	117,531	127,448	119,081	161,246
Autos export	7,841	480	440	109	503	385	2,058	1,089	3,396	4,744
Steel imports	2,119,339	2,434,187	2,389,774	3,166,641	1,490,393	902,460	2,030,908	2,744,586	2,988,636	1,823,357
All other	848,307	764,686	697,464	1,611,193	1,327,242	447,881	513,023	375,924	474,629	492,551
	<u>2,976,052</u>	<u>3,212,792</u>	<u>3,278,624</u>	<u>4,891,916</u>	<u>2,916,152</u>	<u>1,436,070</u>	<u>2,663,520</u>	<u>3,249,047</u>	<u>3,585,742</u>	<u>2,481,898</u>
Jacintoport	1,244,188	1,088,220	934,860	1,312,055	1,040,505	1,225,999	1,466,353	1,553,325	1,737,072	1,883,785
Care Terminal	530,473	396,433	693,769	623,898	431,060	309,542	731,216	734,480	603,271	457,294
Woodhouse	1,485,046	1,717,278	1,413,706	1,580,726	1,373,584	1,043,911	1,382,598	768,830	113,888	77,299
Total General Cargo	<u>45,222,558</u>	<u>43,606,114</u>	<u>40,945,477</u>	<u>41,927,564</u>	<u>34,437,831</u>	<u>31,708,131</u>	<u>34,073,577</u>	<u>31,652,701</u>	<u>28,877,803</u>	<u>25,225,795</u>
Bulk										
Jacintoport	-	-	20,000	7,818	1,478	1,511	1,465	1,635	9,758	692
Care Terminal	140,964	40,736	221,012	41,910	22,446	13,802	12,340	112,975	162,014	130,545
Woodhouse	7,796	-	50,087	-	9,569	-	-	7,081	20,224	12,981
Sims Bayou	1,096,549	1,063,032	1,446,519	3,974,135	1,134,324	1,355,034	1,157,376	1,199,628	1,157,368	624,280
S.J.B. Liquid Facility	302,115	378,485	319,239	336,032	410,623	399,012	379,141	560,342	522,019	552,752
Turning Basin	3,374,111	2,919,705	3,231,796	3,253,144	3,356,088	2,881,677	2,157,920	2,157,461	2,154,936	2,097,919
	<u>4,921,535</u>	<u>4,401,958</u>	<u>5,288,653</u>	<u>7,613,039</u>	<u>4,934,528</u>	<u>4,651,036</u>	<u>3,708,242</u>	<u>4,039,122</u>	<u>4,026,319</u>	<u>3,419,169</u>
Bulk Materials Terminal	2,286,044	3,363,324	2,776,604	3,612,582	2,668,164	2,562,328	3,056,749	3,796,229	3,230,116	3,329,834
Grain Elevator #2	2,060,929	1,694,823	1,312,530	1,907,778	2,492,783	2,766,115	2,298,347	1,375,234	2,139,655	2,871,965
Total Bulk Cargo	<u>9,268,508</u>	<u>9,460,105</u>	<u>9,377,787</u>	<u>13,133,399</u>	<u>10,095,475</u>	<u>9,979,479</u>	<u>9,063,338</u>	<u>9,210,585</u>	<u>9,396,090</u>	<u>9,620,968</u>
Grand Total	<u>54,491,066</u>	<u>53,066,219</u>	<u>50,323,264</u>	<u>55,060,963</u>	<u>44,533,306</u>	<u>41,687,610</u>	<u>43,136,915</u>	<u>40,863,286</u>	<u>38,273,893</u>	<u>34,846,763</u>

- Source: The Authority

- Revenue tonnage is tonnage from which Authority revenues are derived; does not include non-Authority tonnage figures.

Port of Houston Authority of Harris County, Texas
Top Ten Authority Customers
Current Year and Ten Years Ago

(amounts in thousands)
(unaudited)

Customer	2025			2016		
	2025 Revenue	Rank	% Operating Revenue	2016 Revenue	Rank	% Operating Revenue
Mediterranean Shipping Co. (USA) Inc.	\$ 108,769	1	15.90 %	\$ 31,503	3	10.85 %
Maersk S/A	106,572	2	15.58	32,551	2	11.22
CMA-CGM (America), Inc.	94,144	3	13.76	41,158	1	14.18
Hapag-Lloyd AG	71,462	4	10.45	26,724	4	9.21
Houston Terminal LLC	43,560	5	6.37	13,534	5	4.66
ONE Line	31,085	6	4.54	-		-
Cooper/Ports America, LLC	22,258	7	3.25	-		-
Zim Integrated Shipping	21,679	8	3.17	5,787	10	1.99
Terminal Link	19,237	9	2.81	-		-
Evergreen Shipping Agency	18,302	10	2.68	-		-
Hamburg Sud North America	-		-	12,860	6	4.43
Shipper Stevedoring Co.	-		-	7,104	7	2.45
Ceres Gulf, Inc.	-		-	6,878	8	2.37
Seaboard Marine	-		-	6,010	9	2.07
Total Revenue for Top Ten Customers	<u>\$ 537,068</u>		<u>78.51 %</u>	<u>\$ 184,109</u>		<u>63.43 %</u>
Total Operating Revenue	<u>\$ 683,943</u>			<u>\$ 290,226</u>		

- Source: The Authority



DEBT CAPACITY

Port of Houston Authority of Harris County, Texas
Ratios of Net General Obligation and Revenue Bonded Debt by Type
Last Ten Fiscal Years
(in thousands, except per capita)
(unaudited)

Fiscal Year	General Obligation Bonds			General Bonded Debt	Less Debt Service Funds Cash	Net General Bonded Debt	Percentage of Actual Property Value	GOB Debt per Capita	Revenue Bonds	Premiums (Discounts) Rev Bonds	Total Outstanding Debt	Percentage of Personal Income	Total Debt Per Capita
	Unlimited Tax Refunding Bonds	Unlimited Tax Port Improvement Bonds	Accreted Premiums (Discounts)										
2016	\$ 572,329	\$ 85,665	\$ 39,129	\$ 697,123	\$ 6,983	\$ 690,140	0.17	\$ 150	\$ -	\$ -	\$ 690,140	0.29 %	\$ 150
2017	553,164	85,665	35,069	673,898	13,589	660,309	0.16	142	-	-	660,309	0.27 %	142
2018	508,089	85,665	56,709	650,463	11,402	639,061	0.15	136	-	-	639,061	0.24 %	136
2019	486,904	85,665	50,658	623,227	7,942	615,285	0.13	131	-	-	615,285	0.22 %	132
2020	492,439	-	94,715	587,154	4,929	582,225	0.12	123	-	-	582,225	0.21 %	124
2021	469,434	-	86,120	555,554	13,626	541,928	0.11	115	-	-	541,928	0.31 %	118
2022	445,749	-	78,101	523,850	10,865	512,985	0.09	106	322,180	79,858	925,888	0.29 %	108
2023	426,134	-	70,599	496,733	9,327	487,406	0.08	101	705,070	102,966	1,304,769	0.39 %	103
2024	406,509	-	63,517	470,026	4,890	465,136	0.07	95	693,510	96,106	1,259,642	0.35 %	96
2025	386,074	-	56,912	442,986	4,536	438,450	0.07	88	681,375	89,425	1,213,786	0.34 %	91

- Additional information on the Authority's debt can be found in the accompanying notes to the financial statements.
- Premiums (Discounts) are inclusive of accreted interest on capital appreciation bonds.
- Updates are made to prior years.
- See Schedule 3 for property value data.
- Population data can be found in Schedule 15.
- Total outstanding debt, total debt per capita, and percentage of personal income calculation changed in 2020 per GFOA comments

Port of Houston Authority of Harris County, Texas
Net Revenues Available for Debt Service on Revenue Obligations
For each of the Ten Years in the Period Ended December 31, 2025

(in thousands)
(unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<u>Gross Revenues</u>										
Operating Revenues										
Container operations	\$ 571,225	\$ 523,396	\$ 473,984	\$ 614,714	\$ 483,477	\$ 357,386	\$ 365,086	\$ 344,272	\$ 309,058	\$ 266,266
Multipurpose Cargo Facilities	80,808	76,461	81,959	22,886	19,500	21,665	18,065	18,079	15,976	15,869
Commercial lease	7,054	6,859	7,285	5,525	5,047	5,174	5,704	5,313	4,906	5,140
Other	24,856	27,775	21,842	8,149	8,544	6,507	2,582	1,652	2,933	2,514
Total	683,943	634,491	585,070	651,274	516,568	390,732	391,437	369,316	332,873	289,789
Nonoperating Revenues										
Investment income	33,415	38,657	35,842	13,507	3,704	7,458	11,852	8,071	4,425	4,850
Other, net	18,046	16,371	9,693	11,100	7,626	833	1,281	345	10,599	5,144
Total	51,461	55,028	45,535	24,607	11,330	8,291	13,133	8,416	15,024	9,994
Total Gross Revenues	735,404	689,519	630,605	675,881	527,898	399,023	404,570	377,732	347,897	299,783
<u>Operation Expenses</u>										
Maintenance and Operation of Facilities										
Maintenance and operations of facilities	285,870	259,212	240,332	236,575	193,869	178,606	177,121	153,724	152,166	141,583
General and Administrative	76,190	73,793	57,415	54,335	48,582	46,225	50,420	49,608	42,423	44,286
Total Operating Expenses	362,060	333,005	297,747	290,910	242,451	224,831	227,541	203,332	194,589	185,869
Nonoperating Expenses	28,369	29,195	19,468	18,544	14,012	(2,036)	4,377	3,039	6,533	259
Total Expenses	390,429	362,200	317,215	309,454	256,463	222,795	231,918	206,371	201,122	186,128
Net Revenues Available for Debt Service on Revenue Obligations	<u>\$ 344,975</u>	<u>\$ 327,319</u>	<u>\$ 313,390</u>	<u>\$ 366,427</u>	<u>\$ 271,435</u>	<u>\$ 176,228</u>	<u>\$ 172,652</u>	<u>\$ 171,361</u>	<u>\$ 146,775</u>	<u>\$ 113,655</u>

Port of Houston Authority of Harris County, Texas
Table of Bonded Debt Service Requirements
(unaudited)

Fiscal Year Ending December 31	Revenue	Unlimited Tax	Outstanding Debt Service Requirements
2026	\$ 45,476,500	\$ 39,087,629	\$ 84,564,129
2027	45,479,500	39,922,906	85,402,406
2028	45,475,500	40,036,656	85,512,156
2029	45,478,250	40,033,875	85,512,125
2030	45,480,750	39,784,463	85,265,213
2031	45,476,250	39,774,519	85,250,769
2032	45,473,250	39,879,900	85,353,150
2033	45,479,750	39,576,150	85,055,900
2034	45,478,250	39,721,400	85,199,650
2035	45,477,000	39,737,900	85,214,900
2036	45,480,100	39,569,150	85,049,250
2037	45,477,300	39,566,750	85,044,050
2038	45,477,000	39,570,500	85,047,500
2039	45,477,100	26,162,000	71,639,100
2040	45,475,550	-	45,475,550
2041	45,480,250	-	45,480,250
2042	45,476,750	-	45,476,750
2043	45,477,000	-	45,477,000
2044	45,481,100	-	45,481,100
2045	45,476,300	-	45,476,300
2046	45,480,250	-	45,480,250
2047	45,474,750	-	45,474,750
2048	45,476,500	-	45,476,500
2049	45,478,750	-	45,478,750
2050	45,477,250	-	45,477,250
2051	45,477,750	-	45,477,750
2052	25,605,500	-	25,605,500
2053	25,604,250	-	25,604,250
Total	<u>\$ 1,233,628,450</u>	<u>\$ 542,423,798</u>	<u>\$1,776,052,248</u>

- The table sets forth the annual debt service requirements on the Authority's outstanding revenue bonds and ad valorem tax bonds as of December 31, 2025.

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DEMOGRAPHIC AND ECONOMIC INFORMATION

**Port of Houston Authority of Harris County, Texas
Miscellaneous Statistical Data**

December 31, 2025
(unaudited)

Port of Houston Authority Facts:

Date of Establishment: 1911
Form of Government: A political subdivision of the State of Texas
Area: 1,778 Square Miles
Altitude: Harris County (generally coterminous with Port of Houston Authority) - Sea level to 310 feet
 City of Houston - Center of downtown area - 41 feet

Selected Economic Statistics

<u>Year</u>	<u>GDP (a)</u>	<u>National Unemployment (b)</u>	<u>Total U.S. Exports (c)</u>	<u>Total U.S. Imports (c)</u>	<u>U.S. Rig Count (d)</u>	<u>Oil Price \$/Bbl (e)</u>	<u>PMI (f)</u>
2025	1.4%	4.3%	2,178.0	3,415.0	589	65.39	47.9
2024	2.3%	4.0%	2,064.0	3,267.0	622	76.63	49.3
2023	3.4%	3.7%	2,019.2	3,084.1	779	77.58	47.4
2022	2.9%	3.5%	3,009.7	3,957.8	779	76.44	48.4
2021	6.9%	3.9%	2,528.5	3,387.7	586	71.71	58.8
2020	4.1%	6.7%	2,131.9	2,810.6	351	47.02	60.5
2019	2.1%	3.5%	2,499.8	3,116.5	805	59.88	47.8
2018	2.6%	3.9%	2,500.0	3,121.0	1,083	49.52	54.3
2017	2.6%	4.4%	2,329.3	2,895.3	989	57.88	59.1
2016	1.9%	4.9%	2,209.4	2,711.7	672	51.97	56.0

- Note (a) Gross Domestic Product percent change based on 2025 dollars; Source: Bureau of Economic Analysis
- Note (b) Average monthly unemployment rate per year; Source: Bureau of Labor Statistics
- Note (c) Billions of dollars; Source: Customs data from Department of Commerce, U.S. Census Bureau
- Note (d) Annual average total U.S. rig count; Source: Baker Hughes rig count data
- Note (e) Cushing, OK WTI spot price; Source: Energy Information Administration (EIA)
- Note (f) Purchasing Managers Index value above 50 means growth; Source: Institute for Supply Management

Port of Houston Authority of Harris County, Texas
Demographic and Economic Statistics
Last Ten Calendar Years
(unaudited)

Calendar Year Ending December 31	Population	Unemployment Rate	Personal Income (amounts in thousands)	Per Capita Personal Income
2016	4,589,928	5.3%	\$ 240,752,454	\$ 52,452
2017	4,652,980	5.0%	247,482,118	53,188
2018	4,698,619	4.4%	265,351,328	56,474
2019	4,713,325	3.8%	282,809,166	60,002
2020	4,746,600	8.0%	285,664,628	60,183
2021	4,728,030	6.5%	311,430,719	65,869
2022	4,780,913	4.5%	313,193,267	65,509
2023	4,826,539	4.4%	330,617,356	68,500
2024	4,888,913	4.5%	357,130,669	73,049
2025	5,009,302	4.8%	357,130,669	71,293

- Source: Harris County, Texas Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2025
- Population Estimate based on projected growth. U.S. Bureau of Economic Analysis/World Population Review.
- Unemployment Rate - Texas Workforce Commission
- Personal Income - U.S. Bureau of Labor Statistics

Port of Houston Authority of Harris County, Texas
Principal Corporate Employers
Current Year and Nine Years Ago*
(amount in thousands)
(unaudited)

Employer	2025*		2016	
	Employees	Rank	Employees	Rank
Houston Methodist	35,000	1	14,985	4
Memorial Hermann Health System	34,000	2	24,000	1
UT MD Anderson Cancer Center	27,000	3	20,000	2
Walmart Stores Inc.	20,000	4	-	
H-E-B	20,000	5	-	
Exxon Mobil Corp	13,000	6	13,000	5
Chevron	10,000	7	-	
Kroger Company	10,000	8	12,000	7
Shell Oil Company	10,000	9	11,892	8
United Airlines	10,000	10	15,000	3
UTMB Health	-		12,448	6
National Oilwell Varco	-		11,563	9
Schlumberger Limited	-		10,000	10
	189,000		144,888	

- Source: Houston Business Journal

- Note: Houston area employment for 2025 was approximately 3,733,300 and for 2016 it was 3,006,012.

- * Based on calendar year

Port of Houston Authority of Harris County, Texas
Harris County Population Statistical Data
(unaudited)

Regional Population^(a)

<u>Year</u>	<u>City of Houston</u>	<u>Harris County</u>	<u>Year</u>	<u>City of Houston</u>	<u>Harris County</u>
1890	27,557	37,249	1960	938,219	1,243,158
1900	44,633	63,786	1970	1,232,802	1,741,912
1910	78,800	115,693	1980	1,594,086	2,409,544
1920	138,276	186,667	1990	1,632,833	2,818,199
1930	292,352	359,328	2000	1,953,631	3,400,578
1940	384,514	528,961	2010	2,099,451	4,092,459
1950	596,163	806,701	2020	2,304,580	4,731,145

Harris County Voters in Presidential Elections^(b)

	<u>2024</u>	<u>2020</u>	<u>2016</u>	<u>2012</u>	<u>2008</u>
Registered Voters	2,664,202	2,431,457	2,182,980	1,942,566	1,974,177
Votes Cast	1,567,610	1,656,686	1,338,821	1,204,167	1,188,731
Percentage of Registered Voters Voting	58.84 %	68.14 %	61.33 %	61.99 %	60.21 %

Motor Vehicle Registration^(c)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Passenger Cars, Small Trucks and Misc.	3,774,686	3,572,633	3,513,903	3,304,054	3,289,391
Large Trucks	52,977	49,068	52,699	51,529	48,965
Total	<u>3,827,663</u>	<u>3,621,701</u>	<u>3,566,602</u>	<u>3,355,583</u>	<u>3,338,356</u>

- Note (a) Source: Department of Commerce, U.S. Census Bureau
- Note (b) Source: Harris County Clerk - Elections Division/Harris County Clerk's Website
- Note (c) Source: Harris County Tax Assessor - Collector and Voter Registrar

Port of Houston Authority of Harris County, Texas
Harris County Miscellaneous Statistical Data
(unaudited)

Students enrolled in colleges and universities located within Harris County^(d)

	2025	2024	2023	2022	2021
Baylor College of Medicine	1,795	1,740	1,653	1,603	1,581
Houston Baptist University	4,693	4,276	4,182	4,250	3,963
Houston City College	49,038	43,719	40,255	39,201	38,653
Lone Star College System	81,424	78,274	76,672	73,556	72,090
Rice University	8,933	8,849	8,446	8,552	8,166
San Jacinto College:					
Central, South and North	33,127	31,607	31,255	30,425	31,434
South Texas College of Law	1,148	1,092	1,040	994	979
Texas Southern University	9,203	8,920	8,472	8,634	7,525
Texas Woman's University: Houston (f)	1,010	1,004	1,060	1,185	1,331
University of Houston:					
University Park	47,767	47,775	46,502	46,581	46,968
Downtown	13,561	13,732	14,113	14,212	15,081
Clear Lake	7,985	8,140	8,232	8,559	9,398
University of St. Thomas	4,305	4,301	3,816	3,590	3,877
University of Texas: (e)					
Dental Branch	568	566	570	569	573
Graduate School of Biomedical Sciences	499	499	489	473	465
Medical School	1,188	1,132	1,074	1,086	1,081
School of Biomedical Informatics	356	355	376	355	328
School of Nursing	1,114	1,034	1,067	1,258	1,602
School of Public Health	1,320	1,343	1,468	1,578	1,709
Total	<u>269,034</u>	<u>258,358</u>	<u>250,742</u>	<u>246,661</u>	<u>246,804</u>

Number of Employees

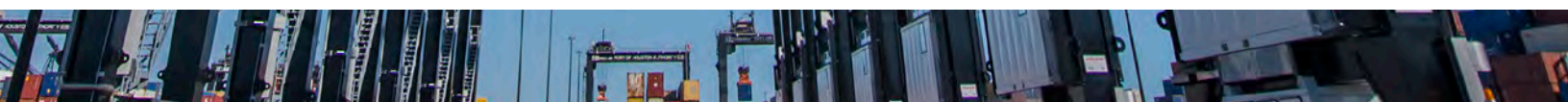
	2025	2024	2023	2022	2021
Harris County (g)	19,638	18,915	17,640	17,427	17,482
Flood Control District (g)	382	351	329	347	331
Port of Houston Authority	838	822	771	740	706

- Note (d) Source: Fall 2025 Enrollment Data from Texas Higher Education Coordinating Board and above school websites
- Note (e) Source: University of Texas Office of Registrar (Fact Book 2025)
- Note (f) Source: Texas Women's University Office of Institutional Research & Data Mgmt. (Fact Book 2025)
- Note (g) Source: Harris County Auditor's Office

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OPERATING INFORMATION



Port of Houston Authority of Harris County, Texas
Table of Physical Characteristics of the Port Facilities of the Authority
(unaudited)

	Berth Lengths (Feet)	Water Depth Below Mean Lower Low Water (Feet)	Paved Marshalling Area (Acres)	Covered Storage (Sq. Feet)
Turning Basin				
34 general Cargo Wharves	376-624	28.5-37.5	36	1,150,000
4 Liquid Bulk Wharves	226-570	34.5-37.5	-	-
Wharf - 32 Project Cargo	806	39.5 (a)	20	-
Woodhouse Terminal**				
Wharf 1	660	40.5 (a)	2	-
Wharf 2 and 3 (RoRo Dock)	1,250	36.5	-	112,740
Grain Dock**	600	43.5	-	-
Dry Bulk Cargo Facility				
Wharf 1	800	43.5	-	-
Wharf 2	400	43.5	-	-
Jacintoport				
Wharves 1 - 3	1,830	41.5	8	82,500
Care Terminal				
Wharf 1	500	38.5	10	45,000
Wharf 2	618	40.5	4	-
Sims Bayou Liquid Bulk Facility				
Berths	320	35.5-41.5	-	-
San Jacinto Barge Terminal				
Berth	200-700	17.5*	-	-
Barbours Cut Terminal				
Container Berths 1 - 6	6,000	46.5	390	-
Bayport				
Container Berths 2 -6	6000	46.5	433	-
BPT Auto Terminal	1,000	32	-	-

* The maximum depth allowable due to federally authorized channel project depths

** Woodhouse Terminal is the location of Houston Public Grain Elevator No. 2.

EQUIPMENT: (a)

Turning Basin

- Privately-owned mobile cranes and additional cargo handling equipment are available for hire on an hourly basis.

Barbours Cut Terminal

Container Cranes:

- Ship to Shore (STS) = 17 total (14 SPP and 3 PP)
- Rubber-Tire Gantry (RTG) = 69
- Empty Handling (Pencil/Side-pick) = 11 (Reach Stacker = 1)
- Other load handling equipment (Top Loader) = 3

Other Equipment:

- Heavy-duty yard tractors (UTR/PIT) = 39
- Heavy-duty yard Chassis = 54

Bayport

Container Cranes:

- Ship to Shore (STS) = 17 total (12 SPP, 5 PP)
- Rubber-Tire Gantry (RTG) = 88
- Empty Handling (Pencil/Side-pick) = 15 (1 yard ran by PHA, 2 yards ran by 3rd parties)
- Other load handling equipment (Top Loader) = 2 (Reach Stacker) = 1

Other Equipment:

- Heavy-duty yard tractors (UTR/PIT) = 22
- Heavy-duty yard Chassis (Bucket) = 21

(a) SPP=Super Post Panamax, PP=Post Panamax, P=Panamax, UTR=Utility Truck, PIT=Powered Industrial Truck

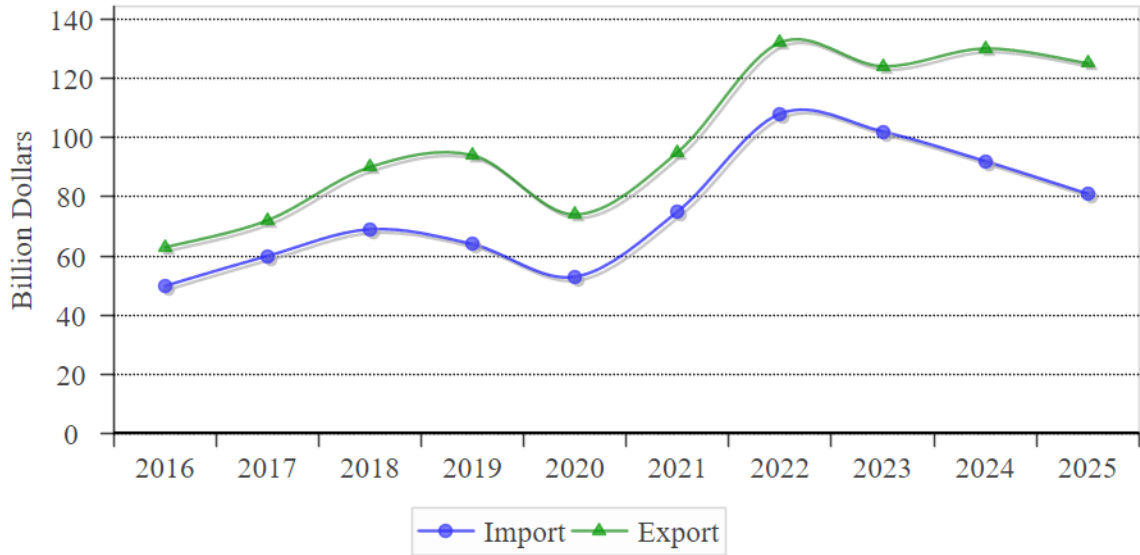
Port of Houston Authority of Harris County, Texas
Freight Traffic Statistics
(in thousands)
(unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Freight handled by the Authority only (excluding tonnages handled by private terminals) - short tons (a)										
Breakbulk cargo	7,107	5,373	5,388	6,977	4,753	2,958	5,030	5,065	4,587	3,423
Container cargo	40,176	38,233	35,558	34,951	29,685	28,751	29,043	26,588	24,291	21,960
Bulk grain	2,061	1,695	1,313	1,908	2,493	2,766	2,298	1,375	2,140	2,872
Bulk plant	2,286	3,363	2,777	3,613	2,668	2,562	3,057	3,796	3,230	3,330
Other bulk	12,561	13,150	13,798	15,305	12,339	9,816	8,714	9,855	10,033	13,254
Total	64,191	61,814	58,834	62,754	51,938	46,853	48,142	46,679	44,281	44,839
Freight handled by entire Port of Houston (includes tonnage handled by both the Authority and private terminals) - short tons (b) (c)										
Foreign										
Imports	(d)	(d)	61,307	68,759	60,860	56,971	65,561	73,863	72,386	69,110
Exports	(d)	(d)	167,712	140,890	129,802	139,792	144,190	117,220	100,825	94,876
Total Foreign (d)	-	-	229,019	209,649	190,662	196,763	209,751	191,083	173,211	163,986
Domestic										
Receipts	(d)	(d)	33,364	31,882	29,918	34,294	31,945	32,996	35,745	36,417
Shipments	(d)	(d)	27,754	33,800	28,454	27,689	26,054	25,630	30,058	26,635
Total Domestic (d)	-	-	61,118	65,682	58,372	61,983	57,999	58,626	65,803	63,052
Local	(d)	(d)	19,394	18,503	17,490	17,194	17,194	19,222	21,057	20,944
Total	-	-	309,531	293,834	266,524	275,940	284,944	268,931	260,071	247,982
Value of foreign trade handled by entire Port of Houston (c)										
Imports	\$ 80,607,934	\$ 92,470,069	\$ 101,923,336	\$ 108,448,229	\$ 74,922,028	\$ 52,513,714	\$ 63,704,252	\$ 69,090,105	\$ 59,594,077	\$ 49,616,268
Exports	125,231,803	130,053,228	124,021,235	131,596,257	94,737,917	74,035,317	93,841,724	90,159,307	71,905,598	63,303,533
Total	\$ 205,839,737	\$ 222,523,297	\$ 225,944,571	\$ 240,044,486	\$ 169,659,945	\$ 126,549,031	\$ 157,545,976	\$ 159,249,412	\$ 131,499,675	\$ 112,919,801

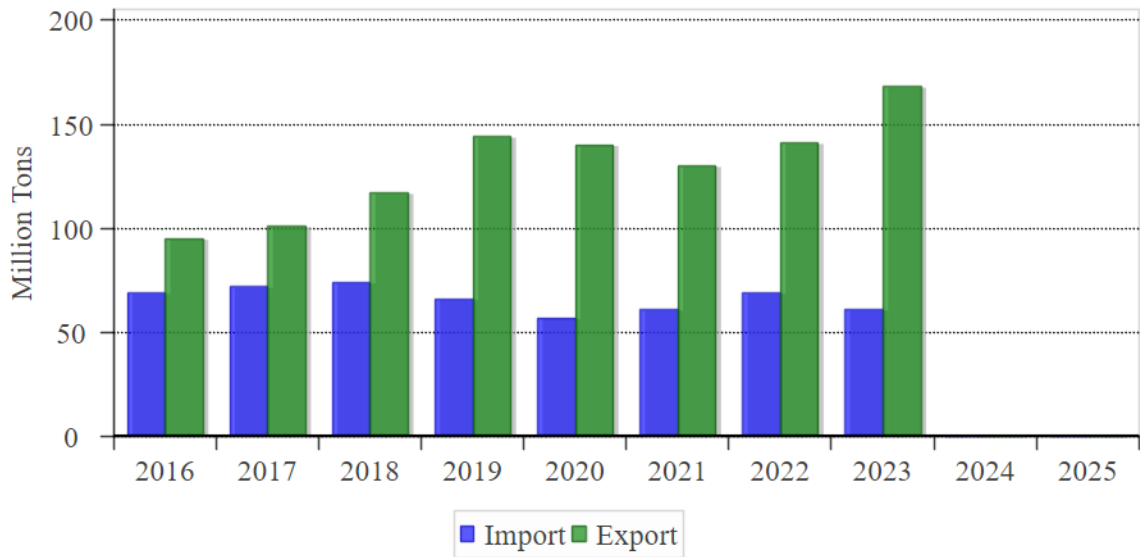
- Note (a) Source: The Authority
- Note (b) Source: U.S. Army Corps of Engineers, Waterborne Commerce of the U.S.
- Note (c) Source: Bureau of Census U.S. Department of Commerce
- Note (d) Amounts not available for 2024 and 2025.

Port of Houston Authority of Harris County, Texas Freight Traffic Statistics Graph Last Ten Years

Value of foreign freight handled by Port of Houston



Tons of foreign freight handled by Port of Houston



- Note: Foreign tonnage is not available for 2024 and 2025.

Port of Houston Authority of Harris County, Texas
Cargo Statistics
Last Ten Fiscal Years
(in thousands of short tons)
(unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Revenue Tonnage										
Including Bayport companies	64,191	61,814	58,831	62,754	51,938	46,853	48,142	46,679	44,281	44,839
Excluding Bayport companies	54,491	53,066	50,323	55,061	44,533	41,688	43,137	40,863	38,274	34,847
General Cargo (a)	45,223	43,606	40,945	41,928	34,438	31,708	34,074	31,653	28,878	25,226
Bulk Materials Handling Plant	2,286	3,363	2,777	3,613	2,668	2,562	3,057	3,796	3,230	3,330
Grain Elevator #2	2,061	1,695	1,313	1,908	2,493	2,766	2,298	1,375	2,140	2,872
Other Bulk Movements										
Excluding Bayport companies (b)	4,922	4,402	5,289	7,613	4,935	4,651	3,708	4,039	4,026	3,419
Including Bayport companies	9,700	8,748	8,508	7,693	7,404	5,165	5,005	5,815	6,007	9,992
Barbours Cut Terminal										
Bulk (b)	4	6	6	24	-	15	42	51	3	3
General cargo (a)	14,463	14,308	15,725	15,612	12,147	12,293	11,185	10,687	9,808	9,467
Bayport Container Terminal										
General cargo (a)	24,504	22,877	18,894	17,884	16,530	15,385	16,603	14,605	13,027	10,855
Steel (a)										
Import	3,901	4,190	4,379	5,166	3,327	2,202	3,980	4,303	3,626	2,288
Export	275	342	84	38	38	51	72	61	68	80
Autos - Turning Basin										
Tons - import (a)	1	14	196	121	114	98	134	152	141	161
Tons - export (a)	8	1	2	1	2	1	4	4	3	8
Units - import	-	8	86	54	50	44	61	74	74	83
Units - export	1	-	-	-	-	-	1	1	1	2
Bagged Goods (a)										
Import	144	232	270	437	282	196	263	133	232	168
Export	7	5	-	6	20	18	18	84	45	40
Container TEU	4,303	4,140	3,825	3,975	3,453	2,989	2,987	2,700	2,459	2,183

- Source: The Authority

- Note (a) Tonnage included in General Cargo above

- Note (b) Tonnage included in Bulk Cargo above

Port of Houston Authority of Harris County, Texas
Vessel Arrivals
(unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Houston Ship Channel										
Break bulk	518	476	466	545	549	565	623	642	667	744
Bulk carrier	800	779	722	927	784	724	773	743	860	827
Containers	928	978	1,051	948	977	1,091	1,041	962	912	940
Cruise	-	-	-	-	-	-	-	-	-	31
Roll-on/roll-off	-	-	-	-	-	-	-	6	30	35
Tankers	5,493	5,761	5,595	5,358	5,057	5,096	5,417	5,445	4,851	5,129
Tug Tow	344	383	320	445	438	443	412	450	503	448
Vehicle carrier	11	25	76	55	76	76	99	129	110	109
Other	5	7	8	2	5	12	10	10	13	6
Total Vessel Arrivals	8,099	8,409	8,238	8,280	7,886	8,007	8,375	8,387	7,946	8,269
PHA Public Wharves										
Turning Basin										
Ships	616	634	650	742	744	677	699	779	839	864
Barges	710	692	634	723	667	878	890	1,182	1,063	935
Bulk Plant, Jacintoport, Care, Woodhouse, and HPGE#2										
Ships	271	388	329	420	478	508	534	435	433	517
Barges	193	528	435	488	438	560	568	547	443	504
Sims Bayou and San Jacinto Barge Terminal										
Ships	25	36	29	47	33	75	12	23	15	24
Barges	730	709	641	703	764	730	742	890	771	641
Barbours Cut										
Ships	421	449	519	485	454	571	554	527	500	560
Barges	5	12	13	2	-	5	35	54	33	36
Bayport Container Terminal										
Ships	515	524	515	497	525	522	523	476	463	490
Barges	-	2	5	43	50	62	111	172	164	175
Bayport Cruise Terminal										
Cruise	-	-	-	-	-	-	-	-	-	31
Bayport Companies										
Ships	779	784	833	725	624	744	843	765	777	793
Barges	1,912	1,827	1,827	1,911	1,815	1,291	1,327	1,635	1,679	2,402
Total PHA Arrivals										
Ships (a)	2,627	2,815	2,875	2,916	2,858	3,097	3,165	3,005	3,027	3,279
Barges	3,550	3,770	3,555	3,870	3,734	3,526	3,673	4,480	4,153	4,693

- Source: Piers Global Intelligence Solutions
- Note (a) Included in Total Vessel Arrivals for the Houston Ship Channel

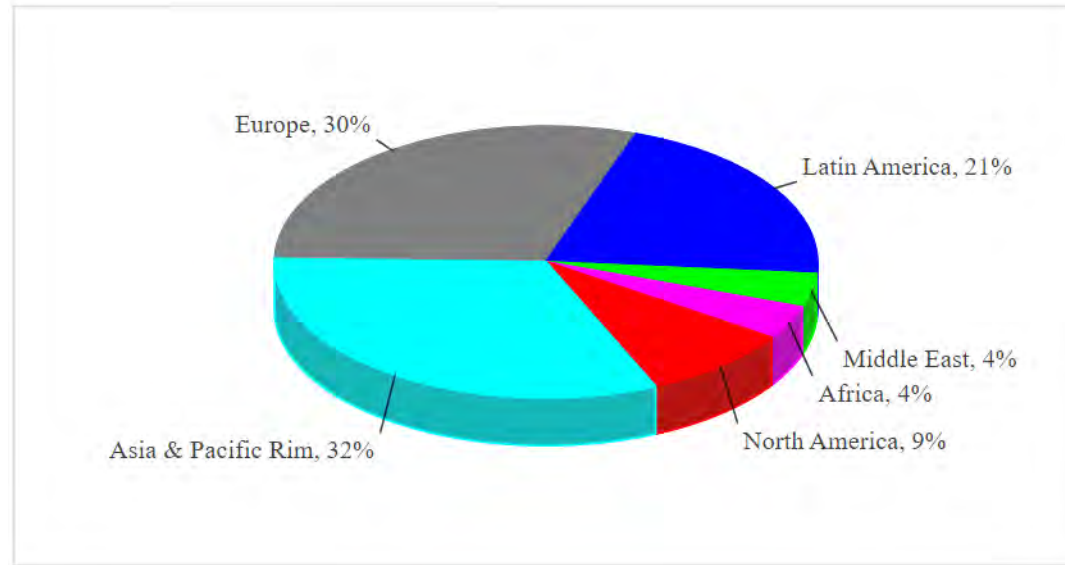
Port of Houston Authority of Harris County, Texas
Bulk Commodity Statistics
Last 10 Fiscal Years
(in thousands)
(short tons)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Coke	2,286	3,363	2,736	3,079	2,212	2,562	2,439	3,012	2,898	3,313
Coal	-	-	41	534	456	-	618	784	333	16
Fertilizer	29	47	34	41	97	138	109	90	71	90
Grain	2,061	1,695	1,312	1,908	2,493	2,766	2,298	1,375	2,140	2,872
Industrial Chemical	11,745	10,799	10,975	12,700	9,751	8,028	7,347	8,362	8,451	11,957
Molasses	250	184	260	371	321	336	367	301	242	243
Petroleum Products	215	222	324	308	312	286	444	645	554	508
Tallow	95	142	37	125	134	249	155	180	275	152
Dry Bulk	2,204	1,481	1,937	1,638	1,667	704	173	142	269	287
Vegetable Oil	83	275	230	123	55	76	119	135	170	175
Totals	18,968	18,208	17,886	20,827	17,498	15,145	14,069	15,026	15,403	19,613

- Source: The Authority

**Port of Houston Authority of Harris County, Texas
Foreign Trade through the Port of Houston**

2025 Foreign Trade Through the Port of Houston by Region (\$ Value)

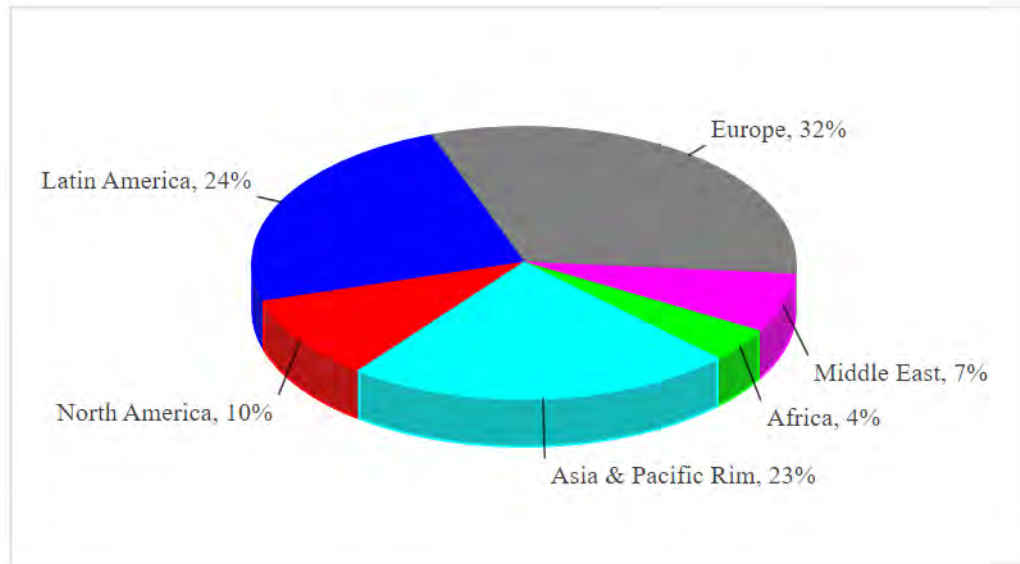


TRADE THROUGH THE PORT OF HOUSTON BY REGION IN 2025 (000s)

	<u>Imports</u>	<u>Exports</u>	<u>Total</u>	<u>Percent of World Total</u>
Asia & Pacific Rim	\$ 37,210,394	\$ 28,708,377	\$ 65,918,771	32 %
Europe	24,229,488	38,544,405	62,773,893	30 %
Latin America	10,361,735	32,518,749	42,880,484	21 %
North America	3,670,381	14,050,792	17,721,173	9 %
Middle East	3,843,944	4,757,145	8,601,089	4 %
Africa	1,291,992	6,652,335	7,944,327	4 %
Worldwide Totals	\$ 80,607,934	\$ 125,231,803	\$ 205,839,737	100 %

**Port of Houston Authority of Harris County, Texas
Foreign Trade through the Port of Houston**

2016 Foreign Trade Through the Port of Houston by Region (\$ Value)



TRADE THROUGH THE PORT OF HOUSTON BY REGION IN 2016 (000s)

	Imports	Exports	Total	Percent of World Total
Europe	\$ 19,698,450	\$ 15,824,675	\$ 35,523,125	32 %
Latin America	7,084,793	19,777,295	26,862,088	24 %
Asia & Pacific Rim	13,286,844	12,993,874	26,280,718	23 %
North America	4,955,268	6,274,207	11,229,475	10 %
Middle East	3,623,549	4,162,097	7,785,646	7 %
Africa	924,600	3,935,344	4,859,944	4 %
Worldwide Totals	\$ 49,573,504	\$ 62,967,492	\$ 112,540,996	100 %

- Source: Global Trade Atlas, U.S. Dept. of Commerce, Bureau of Census

Port of Houston Authority of Harris County, Texas
Number of Regular Authority Employees by Type
Last Ten Fiscal Years

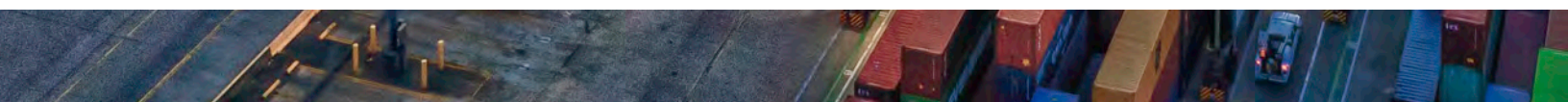
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Exempt Employees	321	308	279	270	256	248	244	222	215	207
Non Exempt Maintenance	286	279	266	244	235	226	229	211	215	171
Non Exempt Employees	231	235	226	226	210	208	210	219	190	219
Total Active Employees	838	822	771	740	701	682	683	652	620	597

- Source: The Authority

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ADDITIONAL BOND DISCLOSURES



Port of Houston Authority of Harris County, Texas

For the Year Ended December 31, 2025

The Port of Houston Authority of Harris County, Texas reports updated disclosure to tables in the Series 2021 and Series 2023 (Non-AMT) Official Statement. These updates to the Authority's 2025 financial and operating data are provided as noted below. Each table in the Official Statement is referenced below to the page number in preceding sections of 2025 ACFR or included in this Additional Bond Disclosures section.

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Table 1 - Physical Characteristics of the Port Facilities of the Authority	See page 112 of 2025 ACFR
Table 2 - Container Geographic Trade Lanes - Fiscal Year 2025	See page 122 in this section
Table 3 - Volumes of Containerized Import and Export Commodities - Fiscal Year 2025 (in TEUs)	See page 122 in this section
Table 4 - Revenue Tonnage	See page 102 of 2025 ACFR
Table 5 - Vessel Arrivals	See page 123 in this section
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Table 7 - Revenue Cargo by Type	See page 124 in this section
Table 8 - Top Ten Authority Customers (Ten-Year Comparison)	See page 103 of 2025 ACFR
Table 9 - Top Ten Authority Exporters and Importers	See page 124 in this section
Table 10 - Top Ten Authority Tenants	See page 125 in this section
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Port of Houston Authority of Harris County, Texas

Table 2 - Container Geographic Trade Lanes - Year 2025
(unaudited)

	<u>Imports</u>	<u>Exports</u>
Asia	54 %	24 %
Americas	11 %	25 %
Europe	13 %	17 %
Africa / Middle East	4 %	15 %
Mediterranean	8 %	10 %
Indian Subcont.	8 %	6 %
Other	1 %	3 %

Source: The Authority

Table 3 - Volumes of Containerized Import and Export Commodities - Year 2025 (in TEUs)
(unaudited)

	<u>Imports</u>		<u>Exports</u>
Machinery, Appliances & Electronics	329,624	Resins & Plastics	729,864
Retail Consumer Goods	272,129	Chemicals & Minerals	309,440
Hardware & Construction Materials	254,152	Automotive	149,531
Furniture	217,977	Food & Drink	84,579
Food & Drink	216,475	Apparel & Accessories	78,549
Resins & Plastics	152,028	Machinery, Appliances & Electronics	65,492
Steel & Metals	143,506	Steel & Metals	64,238
Automotive	121,754	Fabrics including Raw Cotton	43,368
Chemicals & Minerals	109,116	Retail Consumer Goods	42,514
Apparel & Accessories	62,617	Hardware & Construction Materials	14,103
Fabrics including Raw Cotton	31,190	Furniture	12,983
Other	18,436	Other	10,382

Source: The Authority

Port of Houston Authority of Harris County, Texas

Table 5 - Vessel Arrivals
(unaudited)

	2025	2024	2023	2022	2021
Authority Public Wharves					
Turning Basin					
Ships	616	634	650	742	744
Barges	710	692	634	723	667
Bulk Plant, Jacintoport, Care, and Woodhouse					
Ships	271	388	329	420	478
Barges	193	528	435	488	438
Sims Bayou and San Jacinto Barge Terminal					
Ships	25	36	29	47	33
Barges	730	709	641	703	764
Barbours Cut					
Ships	421	449	519	485	454
Barges	5	12	13	2	-
Bayport Container Terminal					
Ships	457	471	467	413	450
Barges	-	2	5	43	50
Bayport Auto Terminal					
Ships	58	53	48	84	75
Barges	-	-	-	-	-
Total Authority Arrivals					
Ships	1,848	2,031	2,042	2,191	2,234
Barges	1,638	1,943	1,728	1,959	1,919

Note: Excludes vessel arrivals at private wharf at Bayport.

Table 6 - Operating Revenues by Type^(a)
(Dollar Amounts in thousands; rounding amounts may occur)
(unaudited)

	2025	2024	2023	2022	2021
Container Operations	\$ 571,225	\$ 523,396	\$ 473,984	\$ 537,019	\$ 424,011
Multipurpose Cargo Facilities	80,808	76,461	81,959	84,862	64,745
Commercial lease	7,054	6,859	7,285	10,858	9,276
Other ^(b)	24,856	27,775	21,842	18,535	18,536
Total operating revenues	683,943	634,491	585,070	651,274	516,568
Change from previous year	8 %	8 %	(10)%	26.1 %	32 %

^(a) Revenue categories are aligned with internal management reporting.

^(b) Other revenues include submerged lands leases, Port Terminal Railroad Association revenues, and harbor fees associated with fire protection services.

Source: The Authority.

Port of Houston Authority of Harris County, Texas

Table 7 - Revenue Cargo by Type^(a)
(unaudited)

	2025	2024	2023	2022	2021
Revenue cargo statistics:					
Container TEUs	4,303	4,140	3,825	3,975	3,453
General cargo (short tons)	45,223	43,606	40,945	41,928	34,438
Bulk cargo (short tons)	9,269	9,460	9,378	13,133	10,095
Total Revenue tonnage	54,492	53,066	50,323	55,061	44,533

^(a) Includes container tonnage; short tons equal 2,000 pounds.

Source: The Authority

Table 9 - Top Ten Authority Exporters and Importers 2025
(unaudited)

<u>Exporters</u>	<u>TEUs</u>
Shintech	58,656
ExxonMobil	52,283
Tricon Dry Chemicals	39,579
Vinmar International	27,516
Montachem International	27,354
Domtar Paper	11,579
World Food Programme	9,953
Chevron Phillips Chemical	8,161
Muehlstein International	7,535
Dow Chemical	7,234
<u>Importers</u>	<u>TEUs</u>
Home Depot	25,395
Rooms To Go Furniture	13,948
Bechtel Energy	13,573
Ikea	10,084
Walmart	9,527
Vestas	9,061
Academy	8,491
Heineken	8,424
Cameron International	7,779
T1 G1 Dallas Solar Module	7,049

Source: JOC Piers

Port of Houston Authority of Harris County, Texas

Table 10 - Top Ten Authority Tenants - Year 2025
(Dollar Amounts in thousands)
(unaudited)

Tenant ^(a)	Revenue	% Lease Revenue
Enterprise	\$ 9,503	17%
Enstructure Richardson	8,858	16%
Kinder Morgan Petcoke	4,993	9%
Jacintoport International - Lease	4,739	9%
Cooper/Ports America, LLC	4,635	8%
TPC Group LLC	3,150	6%
Texas Stevedoring Services, LLC	1,727	3%
The Andersons	1,500	3%
Frontier Logistics	1,448	3%
Gulf Stream Marine, Inc.	1,402	3%
Total Revenue for Top Ten Tenants	\$ 41,955	77%
Total Lease Revenue^(b)	\$ 55,077	

^(a) Revenues reported under the tenant names referenced may include affiliated tenant lease revenues

^(b) In "---Table 6 --Operating Revenues by Type and in "FINANCIAL DATA -- Table 11 - Statement of Revenues, Expenses and Changes in Net Position," these lease revenues are included within the categories Container Operations, Multipurpose Cargo Facilities, Commercial lease, and Other.

Source: The Authority

Port of Houston Authority of Harris County, Texas

Table 11 - Statement of Revenues, Expenses and Changes in Net Position
(Dollar amounts in thousands; rounding differences may occur)
(unaudited)

	2025	2024	2023	2022	2021
Operating revenues					
Container operations	\$ 571,225	\$ 523,396	\$ 473,984	\$ 537,019	\$ 424,011
Multipurpose Cargo Facilities	80,808	76,461	81,959	84,862	64,745
Commercial lease	7,054	6,859	7,285	10,858	9,276
Other	24,856	27,775	21,842	18,535	18,536
Total operating revenues	683,943	634,491	585,070	651,274	516,568
Operating expenses					
Maintenance and operations of facilities	285,871	259,212	240,332	236,575	193,869
General and administrative	76,190	73,793	57,415	54,335	48,582
Depreciation and amortization	111,434	110,007	97,170	85,588	80,723
Total operating expenses	473,495	443,012	394,917	376,498	323,174
Operating income	210,448	191,479	190,153	274,776	193,394
Nonoperating revenues (expenses)					
Investment income	43,823	58,575	51,602	11,515	1,062
Interest Expense on Revenue Bonds ^(a)	(26,510)	(26,918)	(17,750)	(9,681)	(2,783)
Contributions to state and local agencies	(504)	(89)	(1,463)	(8,414)	(10,985)
Loss on disposal of assets	-	(13,491)	(5)	(33)	(36)
Other, net	17,503	15,871	10,000	11,133	7,627
Total nonoperating revenues	34,312	33,948	42,384	4,520	(5,115)
Income before nonoperating revenues (expenses) related to property taxes	244,760	225,427	232,537	279,296	188,279
Nonoperating revenues (expenses) related to property taxes					
Property taxes	38,520	38,510	35,609	44,961	43,702
Investment income / (loss) on bond proceeds	2,113	2,467	2,213	531	30
Interest expense on unlimited tax bonds	(11,368)	(12,317)	(12,229)	(13,002)	(13,483)
Property tax collection expense	(685)	(830)	(1,100)	(1,100)	(1,100)
Other, net	(545)	(1,114)	(326)	(417)	(355)
Total nonoperating revenues related to property taxes	28,035	26,716	24,167	30,973	28,794
Income before capital contributions	272,795	252,143	256,704	310,269	217,073
Capital contributions from federal agencies	28,431	60,537	24,575	10,030	16,287
Change in net position	301,226	312,680	281,279	320,299	233,360
Net position, January 1	2,914,397	2,601,717	2,320,438	2,000,139	1,766,779
Net position, December 31	\$ 3,215,623	\$ 2,914,397	\$ 2,601,717	\$ 2,320,438	\$ 2,000,139

^(a) Includes interest expense of approximately \$9,442 thousand on Series 2021 Revenue Bonds, and \$17,476 thousand on Series 2023 Revenue Bond.

Source: The audited financial statements of the Authority.

Port of Houston Authority of Harris County, Texas

Table 12 - Current Investment Distribution - Year End 2025
(unaudited)

Interest Bearing Bank Deposits ^(a)	2%
Local Government Investment Pools	58%
U.S. Government Agencies Securities	8%
U.S. Treasury	5%
Municipal Bonds	19%
Commercial Paper	8%
	<hr/>
Total	100%

^(a) Collateralized in accordance with the Public Funds Collateral Act, Chapter 2257, Texas Government Code.
Source: The Authority

Port of Houston Authority of Harris County, Texas

Table 13 - Series 2021 and Series 2023 Revenue Bond Debt Service Schedule
(unaudited)

Fiscal Year	The Bonds		Total Debt Service
	Series 2021	Series 2023	
2026	\$ 19,874,500	\$ 25,602,000	\$ 45,476,500
2027	19,874,000	25,605,500	45,479,500
2028	19,873,000	25,602,500	45,475,500
2029	19,875,750	25,602,500	45,478,250
2030	19,876,250	25,604,500	45,480,750
2031	19,873,750	25,602,500	45,476,250
2032	19,872,500	25,600,750	45,473,250
2033	19,876,500	25,603,250	45,479,750
2034	19,874,500	25,603,750	45,478,250
2035	19,875,750	25,601,250	45,477,000
2036	19,875,350	25,604,750	45,480,100
2037	19,874,550	25,602,750	45,477,300
2038	19,872,750	25,604,250	45,477,000
2039	19,874,350	25,602,750	45,477,100
2040	19,873,550	25,602,000	45,475,550
2041	19,874,750	25,605,500	45,480,250
2042	19,875,250	25,601,500	45,476,750
2043	19,873,250	25,603,750	45,477,000
2044	19,875,850	25,605,250	45,481,100
2045	19,872,050	25,604,250	45,476,300
2046	19,876,250	25,604,000	45,480,250
2047	19,872,250	25,602,500	45,474,750
2048	19,873,750	25,602,750	45,476,500
2049	19,876,250	25,602,500	45,478,750
2050	19,872,750	25,604,500	45,477,250
2051	19,876,500	25,601,250	45,477,750
2052	-	25,605,500	25,605,500
2053	-	25,604,250	25,604,250
	<u>\$ 516,735,950</u>	<u>\$ 716,892,500</u>	<u>\$ 1,233,628,450</u>

Port of Houston Authority of Harris County, Texas

Table 14 - Historical Net Revenue Available for Debt Service
(Dollar amounts in thousands)
(unaudited)

	2025	2024	2023	2022	2021
Operating Revenues^(a)					
Container Operations	\$ 571,225	\$ 523,396	\$ 473,984	\$ 537,019	\$ 424,011
Multipurpose Cargo Facilities	80,808	76,461	81,959	84,862	64,745
Commercial lease	7,054	6,859	7,285	10,858	9,276
Other	24,856	27,775	21,842	18,535	18,536
Total	<u>683,943</u>	<u>634,491</u>	<u>585,070</u>	<u>651,274</u>	<u>516,568</u>
Nonoperating Revenues (Expenses)	<u>23,092</u>	<u>25,833</u>	<u>26,067</u>	<u>6,063</u>	<u>(2,682)</u>
Gross Revenues	<u>707,035</u>	<u>660,324</u>	<u>611,137</u>	<u>657,337</u>	<u>513,886</u>
Less:					
Operating Expenses	285,871	259,212	240,332	236,575	193,869
G&A Expenses	76,190	73,793	57,415	54,335	48,582
Total Operations and Maintenance Expenses	<u>362,061</u>	<u>333,005</u>	<u>297,747</u>	<u>290,910</u>	<u>242,451</u>
Net Revenues Available For Debt Service on Revenue Obligations	<u>344,974</u>	<u>327,319</u>	<u>313,390</u>	<u>366,427</u>	<u>271,435</u>
Annual Debt Service on Outstanding First Lien Obligations^(b)	\$ 45,478	45,481	21,570	17,316	
First Lien Debt Service Coverage on Annual Debt Service^(b)	7.6x	7.2x	14.5x	21.2x	
Maximum Annual Debt Service on Outstanding First Lien Obligations^(b)	\$ 45,481	45,481	45,481	19,877	
First Lien Debt Service Coverage on Maximum Annual Debt Service^(b)	7.6x	7.2x	6.9x	18.4x	

^(a) Revenue categories are aligned with internal management reporting.

^(b) Represents the Annual Debt Service or Maximum Annual Debt Service on the Series 2021 Bonds and Series 2023 Bonds.
Source: The Authority

Port of Houston Authority of Harris County, Texas

Table 15 - Projected Operating Results and First Lien Debt Service Coverage
(Dollar amounts in thousands)
(unaudited)

Fiscal Year	Gross Revenues ^(a)	Operation and Maintenance Expenses ^(b)	Net Revenues Available for Debt Service ^(c)	Debt Service Requirements			Projected First Lien Debt Service Coverage
				Series 2021	Series 2023	Total First Lien Debt Service Requirements	
2026	\$ 759,122	\$ 387,143	\$ 371,979	\$ 19,875	\$ 25,602	\$ 45,477	8.2x
2027	785,635	393,313	392,322	19,874	25,606	45,480	8.6x
2028	825,519	410,773	414,746	19,873	25,603	45,476	9.1x
2029	887,047	430,678	456,369	19,876	25,602	45,478	10.0x
2030	902,604	431,645	470,959	19,876	25,605	45,481	10.4x

^(a) Gross Revenues represent all projected revenues, income and receipts, including interest income, and any other revenues as defined in the Resolution. Fiscal Year 2025 Gross Revenues reflect current forecast for the fiscal year. The compounded annual growth rate ("CAGR"), for Fiscal Years 2026 through 2030, is projected to be 4.4% and is primarily impacted by container terminal volume growth. The CAGR for the Turning Basin Terminals for Fiscal Years 2026 through 2030 is projected at 2.2% annually.

^(b) Operation and Maintenance Expenses represent projected Operation and Maintenance Expenses as defined in the Resolution. Expense profiles generally follow the operating revenue profile, as approximately 80% of expenses are linked with operations. Operation and Maintenance Expenses in Fiscal Years 2026 through 2030 are projected to increase at a CAGR of 2.8%. General and Administrative ("G&A") overhead expenses are projected at a 5.9% growth rate assumption from Fiscal Years 2026 through 2030.

^(c) Net Revenues Available for Debt Service illustrate a CAGR of 6.1% over this time horizon.

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