



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Port of Corpus Christi Authority of Nueces County, Texas

» FOR THE YEAR ENDED
DECEMBER 31, 2019



PORT **CORPUS CHRISTI**®



Comprehensive Annual Financial Report

Port of Corpus Christi Authority of Nueces County, Texas

For the Year Ended December 31, 2019

Prepared by the Finance Department

Kent A Britton
Chief Financial Officer

INTRODUCTORY SECTION



» Dredger Carolina working on Phase I of the Corpus Christi Ship Channel Improvement Project.



Introductory Section

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PORTCORPUS CHRISTI®

April 17, 2020

Port Commission

Port of Corpus Christi Authority of Nueces County, Texas

Corpus Christi, Texas

State law requires that every navigation district or port authority publish at the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the year ended December 31, 2019.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Collier, Johnson and Woods, P. C., Certified Public Accountants, have issued an unmodified (“clean”) opinion on the Port of Corpus Christi Authority of Nueces County, Texas (Authority) financial statements for the year ended December 31, 2019. The independent auditor’s report is located at the front of the financial section of this report.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A compliments this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE AUTHORITY

The Authority is located along the southeastern coast of Texas on the Gulf of Mexico approximately 150 miles north of the Mexican border and approximately 200 miles south of Houston. The Authority maintains one of the deepest ports along the Gulf of Mexico coast with a current channel depth of 47 feet Mean Lower Low Water (“MLLW”) and an authorized depth of 54 feet MLLW along the main Corpus Christi Ship Channel. The Authority’s port facilities are part of the Port of Corpus Christi complex. The Port of Corpus Christi Authority has been a deep draft port since its opening in 1926. The Corpus Christi Ship Channel is approximately 36 miles long and links the Authority’s Inner Harbor, Ingleside and Harbor Island locations with the Gulf of Mexico, and the six-mile-long La Quinta Ship Channel, which diverges from the main channel south of the City of Ingleside, Texas. The Corpus Christi Ship Channel is also directly connected to the Texas and Louisiana Gulf Intra-Coastal Waterway.

The Authority is a navigation district and political subdivision of the State of Texas, having boundaries co-extensive with those of Nueces and San Patricio Counties, Texas. The Authority operates under the provisions of Article XVI, Section 59,

of the Texas Constitution and related laws of the State of Texas, particularly Sections 60 and 62 of the Texas Water Code, and all amendments thereto. The Authority, being a navigation district and political subdivision of the State of Texas, is a separate and distinct entity of Nueces and San Patricio Counties and operates independently with its own Port Commission as its governing body. The Port Commission is comprised of seven commissioners, who serve without pay. Each commissioner serves a staggered term of three years with appointments made to the Commission each year. Three commissioners are appointed by the Corpus Christi City Council, the governing body of the City of Corpus Christi; three commissioners are appointed by the Nueces County Commissioners Court, the governing body of Nueces County; and one commissioner is appointed by the San Patricio County Commissioners Court, the governing body of San Patricio County. Nueces County has a particularly special relationship with the Authority. In the event the Port Commission deems it necessary to issue tax-supported bonds, it must request the Nueces County Commissioners Court to call an election to do so. The Commissioners Court shall call the election, canvas the vote, and if the bond issue is approved, thereafter set the necessary tax rate to service the bonds.

The executive staff, under the leadership of the Chief Executive Officer, manages the day-to-day operations of the Authority and assists the Commission in planning for the future. Port Commission efforts are directed toward encouraging industrial expansion, attracting new cargos, building and maintaining marine terminals and related transportation infrastructure, setting operational policy and cooperating with the State and Federal Governments as a local sponsor in maintaining and further improving vital navigation channels.

The Authority is a “landlord” Port Authority, whereby it owns land, develops land, and leases land and facilities to third parties, namely from the private industry sector. The Authority is also the primary non-federal sponsor of the Corpus Christi and La Quinta Ship Channels. The Authority owns docks, wharves, piers, rail infrastructure, roads, transit sheds, open storage facilities, freight handling facilities and equipment, warehouses, a grain elevator, a bulk material handling terminal, and a conference center. In addition, the Authority owns and maintains areas for the placement of dredged materials.

The Authority supports the development and maintenance of both privately-owned facilities and Authority-owned facilities. The Authority-owned docks include nine general cargo docks, sixteen liquid bulk cargo docks, two dry bulk material docks, two bagging facilities, a shipside grain elevator, cotton storage facilities, and a conference center. Most of the privately-owned facilities at the Port of Corpus Christi Authority are owned by, and operated exclusively for, the various refineries, petrochemical plants, crude oil terminals, an LNG terminal, and other industries that line the Corpus Christi Ship Channel and La Quinta Channel. Approximately 54 privately owned docks are located at the Port of Corpus Christi. The Authority derives revenue from nearly all facilities, public and private, along the Corpus Christi and La Quinta Ship Channels.

The Port Commission adopts an annual budget each year, on a basis consistent with accounting principles generally accepted in the United States of America for proprietary funds, as a prudent management tool. Monthly and quarterly financial reports are prepared for management to maintain proper budgetary control and are reviewed by the Port Commission on a quarterly basis.

REGIONAL ECONOMIC GROWTH

As a result of both sound fiscal management and an economic growth trend in U.S. energy production and exports, the Authority remains financially strong and a significant contributor to the South Texas regional economy. The Authority reinvests its funds into four primary areas: maritime commerce and surface transportation infrastructure; environmental mitigation programs designed to reduce the environmental impacts of the developed infrastructure; education and workforce development programs as more industrial development is attracted to the region; and regional community programs and activities designed to advance the quality of life and maintain good corporate citizenry.

The Authority is currently ranked as the third largest port in the nation in terms of total tonnage and the largest petrochemical/hydrocarbon port in the United States. In 2019, the Authority set a new annual tonnage record of 122.2 million tons, a 15 percent increase over the previous year; and by the end of the year had become the leading exporter of crude oil in the United States, as it benefitted from the commissioning of two new crude oil pipelines from the Permian Basin. The Authority has served the local economy for more than 90 years and is continually diversifying, upgrading and expanding its facilities to better serve industry and shippers throughout Texas and the nation. Local industries also have made significant investments to upgrade and expand their facilities and improve air and water quality, taking full advantage of the abundance of ultra-low sulfur oil and gas from West Texas and the Eagle Ford production fields. Local refineries continue to make investments that permit them to provide clean burning gasoline during ozone alert months, and through the leadership of the Authority with its customers, port-related industries continue to support a voluntary Environmental Management System program that has contributed to the local area's ability to maintain its air quality "attainment" classification with both State and Federal environmental agencies.

In 2014, the Port of Corpus Christi Authority adopted the mission statement, simply stating "Leverage Commerce to Drive Prosperity", which complements the broader vision of the Authority, namely to be "The Energy Port of the Americas™." In pursuit of this mission, and guiding its strategic planning process, the Authority adheres to the following basic principles: (1) conduct affairs in a positive, open, and cooperative manner; (2) operate with fiscal responsibility; (3) engage proactively in the protection of the region's marine and water resources; and (4) commit to serving its customers, present and future.

Economic development means attracting industrial and commercial activity, private capital, and waterborne cargo shipments that will create employment opportunities, sustain and upgrade existing jobs, introduce new investment to the area and broaden the tax base that supports all public services. The Authority is the preeminent economic driver for the Coastal Bend, a role we embrace and take to heart. The South Texas Economic Development Center at Texas A&M University Corpus Christi studied the economic impact of the Authority operations, including the Congressman Solomon P. Ortiz International Center. The most recent study, published in January 2020, using 2019 data, shows that the Authority supports approximately 98,793 regional jobs in the energy and heavy industries sector, 17,374 direct jobs generated from marine cargo and vessel activity, and nearly 1.2 million induced jobs related to activities at the Authority and its customers. The Authority-supported jobs represent 38 percent of the jobs in the region and provide \$6.2 billion in personal income for families throughout the Coastal Bend. Authority operations generated \$19.0 billion in revenue for businesses providing services to the Authority, port industries, and the Ortiz Center. More than \$446 million was paid in state and local taxes due to the Authority's activity.

Ultimately, the goal is to raise the standard of living and enhance the quality of life for everyone in the surrounding region. The Authority achieves that goal due to its financial stability and ability to provide commercial shippers with first-class channels, docks, and facilities for handling their cargo, and by providing public facilities designed to attract more commerce.

ENVIRONMENTAL STEWARDSHIP

The Authority's environmental policy, which is the foundation for environmental management, stewardship, and sustainability, states that all new business operations and developments in the Authority will consider and address five environmental precepts: (1) air quality, (2) water quality, (3) soils and sediments quality, (4) wildlife habitat restoration or conservation, and (5) environmental sustainability. The Environmental Policy, the Authority's ISO 14001 certified Environmental Management System (EMS), and the Green Marine certifications continue to be proactive tools that assist with managing and improving the environmental footprint of our operations. In 2019, the Authority's EMS was audited by an external certification body for ISO 14001 certification and received no findings. In 2019, the Authority continued for the second consecutive year as the only major Port in the United States of which 100 percent of the electric power consumed is from renewable energy sources. Recognized by the State of Texas Commission on Environmental Quality (TCEQ) and Governor Greg Abbott in 2018 as the "Top Award Winner" for Pollution Prevention in the State, the Authority continued other successful environmental programs in 2019 including recycling, spill prevention, and storm water management. In 2019 the Authority held multiple Port Green Day Events which involved employees, customers and stakeholders partnering in beach cleanups and volunteering at a local animal rehabilitation center. In 2019, the Authority completed the Port Wide Emission Inventory Report which it conducts every two years, which indicated an improvement in air quality and a lowering of air pollutants. This air quality improvement is a result of the collaborative relationship the Authority enjoys with its stakeholders and the community. The Port Commission also approved a tariff item related to spill prevention during loading and unloading operations of Very Large Crude Carriers (VLCCs).

ECONOMIC BACKDROP & AUTHORITY CARGOS

The Authority and its customers handle a wide variety of cargo. Shipping volumes in 2019 were dominated by the shipments of crude oil, both imports to provide feedstock for the six refineries located on the ship channel, and exports of crude coming from the Permian/Delaware Basins and Eagle Ford Shale production fields. The Authority has capitalized over the past three years on rising global demand for crude oil and dramatic increases in production in the Permian Basin in West Texas, a level of increase that by the end of 2019 made the Permian the most productive oil field in the world. The proximity to both the Eagle Ford and the Permian fields provided a geographical advantage over other Gulf Coast ports, allowing the Authority to become the leading crude export port in the United States by the end of 2019. Three pipelines were built from the Permian to the Corpus Christi area over the past two years, with a total takeaway capacity of 2.7 million barrels per day. Those pipelines provide the most efficient route for moving crude from the Permian to the Gulf Coast. By the end of 2019, two of those pipelines had been fully commissioned and a third had begun line fill, resulting in an increase in the Authority's exports from roughly 500,000 barrels per day over the first eight months of 2019 to over 1.3 million barrels per day by the end of the year. A third pipeline was fully commissioned in early 2020. To accommodate these anticipated increases, the Authority and its customers have built or are building several major terminal projects that will require significant capital contributions from

both the Authority and its customers. Among the notable work done to accommodate the increasing tide of crude flowing to Corpus Christi was the modification of the Authority's Oil Dock 14 to handle Suezmax size tankers for the exclusive use of POTAC, the completion of the Authority's Oil Dock 15 for the exclusive use of NuStar Energy, the commissioning and first shipment of crude oil from both the EPIC and Eagle Ford terminals in the Inner Harbor, the start of construction at the South Texas Gateway Terminal in Ingleside (a joint venture between Buckeye Partners, Phillips 66, and Marathon Petroleum), and a significant expansion of storage and dock capacity by Moda Midstream in Ingleside. In addition, in March 2019 the Authority signed the largest lease agreement in its history with Lone Star Ports for the development of a large-scale VLCC capable crude export terminal at Harbor Island. Construction on that flagship terminal could begin in the second half of 2020, with first oil flowing across the docks in mid-2022.

In addition to the record volumes of crude handled by the Authority in 2019, processed and refined petroleum products are also heavily trafficked as a result of the six local refineries, plus one additional refinery in nearby Three Rivers, all owned by three large refiners. The three refiners (Valero, Flint Hills Resources, and Citgo) have long been among the Authority's largest customers, and all were in the top 6 in terms of tonnage shipped in 2019. The largest volumes moved within petroleum products are diesel, gasoline, and jet fuels, but also includes approximately 30 other distinct refined products.

In addition to the increase in crude oil exports, the Authority also saw a significant growth in Liquefied Natural Gas exports in 2019. In November 2018, a liquefied natural gas (LNG) export facility owned by Corpus Christi Liquefaction (a subsidiary of Cheniere Energy) went online after several years of construction and over \$10 billion of investment. The first shipment from Cheniere's Gregory facility left on December 11, 2018, and in 2019 Cheniere exported 6.8 million tons of LNG, as the second of three production trains came online. The third train should come online by the end of 2020.

In addition to liquid cargos moved in bulk, the Authority provides access to general cargo docks near staging areas, three Class 1 railroads and uncongested highway systems, an Authority-owned grain silo, and an Authority-operated dry bulk terminal. Those facilities enable the Authority and its customers to handle dry bulk, breakbulk, military cargo, and agricultural products for a variety of customers and on a variety of vessels, road and rail transportation to ensure efficient and cost-effective deliveries of each type of cargo. The Authority offers easy access to major wind power project sites in Texas and across the Great Plains and strives to maintain its established position within this renewable energy industry. On the dry bulk side, the Authority handles petroleum coke and sulfur for the local refineries, aggregates, sand and barite for multiple customers and recently completed a cement import dock that will supply growing markets in South Texas via trucks and railcars to satisfy an approximately 4 million ton shortfall in supply vs. production capacity in Texas with imported cement. In support of the rapidly growing crude exploration business in Texas, the Authority's bulk terminal handled a record amount of barite in 2019. In addition to its mostly waterborne cargo, the Authority handled a near record number of railcars in 2019 despite a significant downturn in agriculture exports, which come in by rail, as exports of finished products to Mexico by Howard Energy Partner's Maverick Terminal made up the bulk of outbound car movements. Over 32,000 railcars were moved by the Authority in 2019.

CAPITAL CONSTRUCTION PROJECTS

The Authority's capital investment program and supporting infrastructure expansions support increasingly competitive access to the global demand markets for U.S. oil producers and marketers. The resulting goods value exports forecast via the Port of Corpus Christi are estimated to exceed \$50 billion annually. With more than \$60 billion in private industrial investment and development on and around the Corpus Christi Ship Channel either executed or in progress, the need for additional infrastructure has never been greater. If the South Texas Coastal Bend were a state, the ranking of this economic development would place Corpus Christi as the seventh largest state in the Nation in incremental economic investment. Energy producers, midstream companies, and refiners have all increased their investments in the area in the past three years, thereby placing a higher demand, and premium, on the current infrastructure. The Authority currently is managing over 80 capital projects of various sizes designed to improve the overall safety and competitiveness of the gateway. The Authority spent more on capital projects than ever in its 93-year history in 2018, at nearly \$150 million, and continued that pace with \$142 million spent on capital projects in 2019. The most significant of those projects are described in more detail below.

Corpus Christi Ship Channel Improvement Project

The most immediate and critical project the Authority is managing is the congressionally authorized Corpus Christi Ship Channel Improvement Project ("Channel Improvement Project" or "CIP"). The CIP will provide both a safer transit through our waterways and enhance the fluidity of the Ship Channel by allowing larger vessels to transit with more cargo, while providing for two-way transits through most of the Ship Channel. Since signing a Project Partnership Agreement (PPA) with the U.S. Army Corps of Engineers (USACE) in 2017 to deepen and widen the Corpus Christi Ship Channel, the Authority has provided \$141 million in funding to the USACE for the project; and the project has been included in three Presidential Budgets (FY'19, '20 and '21) and two USACE Work Plans (FY'18 and FY'19). The most recent Presidential Budget for FY'21 proposed \$100.3 million for the project, a significant increase over the \$13 million and \$53 million received in the FY'19 and FY'20 Federal Budgets. With the additional discretionary federal funding of \$59 million in USACE FY20 work plan and \$23 million in the USACE FY19 work plan, the federal government continues to fund its responsible cost-share portion of the CIP. The Authority remains committed to advocating for the necessary federal funding for the CIP, with a goal of completing the project by the end of 2022.

In a historic milestone, on December 31, 2018, the USACE awarded a \$92 million construction contract to Great Lakes Dredge & Dock Company, LLC, for the first of four contemplated contracts of the project, which extends the entrance of the Corpus Christi Ship Channel 2.2 miles into the Gulf of Mexico and deepens the Channel to 56 feet MLLW to Harbor Island. This first contract work was completed in March 2020. The second contract, which will deepen the channel from Harbor Island to 2.7 miles west of La Quinta Junction, was awarded on April 8, 2020 and is expected to be completed in early 2022.

New Authority Administrative Office Building

The Authority currently houses its approximately 140 administrative personnel in two buildings built in 1955 and 1962, located approximately 1 mile from the Ship Channel. The buildings have become outdated and constrain effective operations and communication between the teams housed in them. On April 16, 2019, the Authority broke ground on what will be a state-of-the-art facility that will bring together all the Port's administrative team members under one roof. The facility, which is being designed by Richter Architects, and constructed by Bartlett Cocke Beecroft, should be ready for occupancy in the first half of 2021.

New Unloading Crane and Dock Improvements at Bulk Dock 1

The Authority's Bulk Terminal underwent a major infrastructure upgrade in 2019, with the installation of a new bulk materials multi-purpose portal crane from Liebherr, and other improvements to the dock and supporting infrastructure. This new crane will significantly improve the bulk terminal's processing speed productivity and reliability, and once fully operational in the second quarter of 2020, will allow for future marketing opportunities to increase the utilization of the terminal. The new crane has a discharge rate of 1,500 tons per hour and, with the improvements to the Bulk Dock 1 infrastructure and berth, can fully discharge Panamax and "baby" Cape vessels.

Other significant capital projects worked on in 2019 include the dredging of the dock berth for the Gulf Coast Growth Ventures project in San Patricio County, a \$10-plus billion joint venture between Exxon Mobil Chemical and Saudi Arabia Basic Industries Corp (SABIC) to build a world-scale ethane steam cracker; the construction of a new dock and berth for Gulf Coast Construction Materials (GCCM) on the Inner Harbor for the importation of dry bulk cement; the further expansion of the Rincon West storage area, including construction of a rail siding to serve all of Rincon West; continued work on demolition of the decades-old existing oil docks at Harbor Island; the upgrade of the existing Oil Dock 14 to be able to accommodate Suez-max size oil tankers for an existing customer; and the creation of additional capacity to handle dredge spoils created by both the CIP and maintenance dredging.

In addition to the Authority's capital projects, another major and relevant regional surface transportation project is the Harbor Bridge Replacement Project. This Texas Department of Transportation (TxDOT) and Federal Highway Administration (FHWA) funded project, along with nearly \$85 million in Authority funds and rights-of-way, will replace the current outdated Harbor Bridge. With a current air draft clearance over the Corpus Christi Ship Channel of 138 feet, the current bridge is not sufficient to allow for the larger classification of vessels to enter the Inner Harbor. The new cable-stayed Harbor Bridge design will afford a 205-foot air draft clearance with a main span of 1,661 feet long, the longest in the United States once completed. Because the main towers are located on Port property and the bridge crosses Port property and the Ship Channel, the bridge developer, Flatiron – Dragados, LLC, TxDOT, and the Authority coordinate regularly to allow bridge construction and port operations to proceed smoothly and with minimal mutual impact. The timing for completion of the bridge is uncertain at the present time, due to a mandated replacement of the original span designer based on a Florida pedestrian bridge collapse by the same design firm. The replacement of the current bridge will allow for redevelopment of a section of downtown near the Authority's new office building, and the Authority is actively participating in a master planning effort to develop an exciting and walkable waterfront destination for the region.

As part of the Authority's commitment of \$85 million in cash and land for the New Harbor Bridge Project, the Authority is engaged in the largest voluntary real-estate acquisition and relocation program of its kind in the nation. The program was designed to allow residents near the new Harbor Bridge to sell their property and relocate to decent, safe and sanitary properties of similar size using the federal Uniform Relocation Act as the legal framework for the program. As of December 31, 2019, the Authority has acquired 281 out of 387 eligible properties in the Hillcrest and Washington-Coles neighborhoods as of the end of 2019. The deadline for participation in the program was in the second quarter of 2019, and the Authority is

working through the last of its potential acquisitions under this program. The program is expected to be fully completed in late 2021.

ECONOMIC OUTLOOK

Dramatic changes have occurred since the end of 2019 that may impact the short-term performance of the Authority. In early January 2020, China identified a new strain of novel coronavirus, now known as COVID-19. In late January 2020, the World Health Organization declared a global public health emergency, around the same time the first case was identified in the United States. The U.S. declared a national emergency related to the virus on March 13, 2020, and in the subsequent weeks has taken steps to close borders and limit the spread of the virus through control of social interactions. Most states have enacted stay at home policies and have shuttered non-essential businesses, leading to an unprecedented drop in consumer spending and an immediate spike in unemployment.

Additionally, on March 8, 2020, Saudi Arabia announced drastic discounts in the price of Saudi-produced crude oil following the breakdown of negotiations between OPEC and Russia regarding limits on production by both parties. The subsequent market share war between OPEC and Russia resulted in the price of oil dropping 60% from its previous levels to below \$25 per barrel, a level at which most oil producers in the United States are unprofitable.

The combination of these two factors, if both remain for a protracted period, could lead to a drastic reduction in the amount of crude oil being exported by the Authority and its customers, and will most likely lead to a significant slowdown in the amount of finished petroleum products produced by the area refiners, at least in the short term. While the duration of the downturn is unknown at present time, the Authority expects it to reduce shipments and revenue from the record levels seen at the end of 2019 to something more in line with the amounts seen over the first eight months of 2019, if not slightly lower. The Authority is well positioned to weather a near-term disruption, with over \$300 million of cash, cash equivalents and investments on hand at the end of 2019. In addition, the Authority will take appropriate measures to control spending in 2020 to ensure that operating margins remain in line with previous results.

The Authority's view is that the economic downturn may be short in duration, and that economic activity in Corpus Christi should return to levels seen at the end of 2019 by early 2021. Expensive, long-term investments have occurred by both the Authority and its customers, and the Authority believes that those investments will not be abandoned and will continue to be productive over a long period of time.

AWARDS AND ACKNOWLEDGMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Port of Corpus Christi Authority of Nueces County, Texas, for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2018. This was the 36th consecutive year that the Authority has received this prestigious award. In order to be awarded a Certificate of Achievement, a

governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

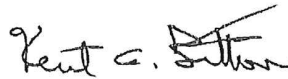
Acknowledgments

We wish to express our appreciation to the efficient and dedicated services of the entire staff of the Authority's Accounting Department, who were primarily responsible for assembling and compiling the data comprising the Comprehensive Annual Financial Report. It should also be noted that the preparation of this report would not have been possible without the teamwork of the Authority's most important asset, its people. Adhering to its SEAPORT Values (Safety, Empowerment, Accountability, Preparedness, Optimism, Respect, and Teamwork), Authority Staff are dedicated to the overall fiduciary role they play every day to ensure the transparency and responsibility of the funds entrusted to them by the Port Commission. The performance of Staff could not be possible without the extraordinary governance of the Port Commission, who uphold the highest of standards in governance and policymaking.

Respectfully Submitted,



Sean Strawbridge
Chief Executive Officer



Kent A. Britton
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Port of Corpus Christi
Authority of Nueces County
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO

PORT COMMISSION, PORT OF CORPUS CHRISTI AUTHORITY

Chief Executive Officer	Sean Strawbridge
Chief Financial Officer	Kent Britton
Director Finance	Cindy Bertolami
Controller	Audre Debler
Director of Real Estate	Sam Equivel
Manager of Foreign Trade Zone	Daniel Converse
Director of Procurement & Financial Analysis	Lynn Angerstein
Risk Program Director	Donna James-Spruce
Director of Information Technology	Tyler Fuhrken
Director of Human Resources	Brenda Reed
Chief Operating Officer	Clark Robertson
Director of Engineering Services	Vacant
Chief of Design	Louis Klusmeyer
Chief of Channel Development	Dan Koesema
Chief of Construction	Natasha Fudge
Chief of Program Management and Delivery	Sonya Lopez-Sosa
Director of Environmental Planning and Compliance	Sarah Garza
Director of Operations	Tony MacDonald
Sr. Operations Manager	Russell Pickering
Harbormaster	Russell Cordo
Manager of Bulk Terminal	Richard "Eric" Battersby
Manager of Dock and Rail Operations	John Slubar
Safety Manager	Vacant
Maintenance Manager	Vacant
Director of Port Security	Tom Mylett
Chief of Port Police	Eric Giannamore
Manager of Emergency Management	Danielle Hale
Chief External Affairs Officer	Omar Garcia
Director of Community Relations	Rosie Gonzalez Collin
Director of Government Affairs	Nelda Olivo
Director of Business Development	Vacant
Manager of Communications	Lisa Hinojosa
Director of Planning	Jeff Pollack

PORT COMMISSIONERS

Charles W. Zahn, Jr., Chairman

Vacant, Vice Chairman

Richard R. Valls, Jr., Secretary

Richard L. Bowers, Commissioner

David P. Engel, Commissioner

Catherine Tobin Hilliard, Commissioner

Wes Hoskins, Commissioner

EXECUTIVE STAFF

Sean Strawbridge, Chief Executive Officer

Omar Garcia, Chief External Affairs Officer

Clark Robertson, Chief Operating Officer

Kent Britton, Chief Financial Officer

Brenda Reed, Director of Human Resources

Jeff Pollack, Director of Planning

Rosie Collin, Director of Community Relations

Nelda Olivo, Director of Government Affairs

Sarah Garza, Director of Environmental Planning & Compliance

Tony MacDonald, Director of Operations

Tyler Fuhrken, Director of Information Technology

Tom Mylett, Director of Port Security

Sam Esquivel, Director of Real Estate

Cindy Bertolami, Director of Finance

Donna James-Spruce, Director of Risk Management

Lynn Angerstein, Director of Procurement

FINANCIAL SECTION



» The Liebherr LPS 550 Crane arrives at the Port of Corpus Christi.
The crane will replace the Gantry Crane commissioned in the 1950's.



INDEPENDENT AUDITOR'S REPORT

April 17, 2020

Port Commissioners
Port of Corpus Christi Authority
of Nueces County, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the Port of Corpus Christi Authority (the Authority) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port of Corpus Christi Authority as of December 31, 2019, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13 and other required supplementary information on page 41 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port of Corpus Christi Authority's basic financial statements. The introductory section, statistical section, and the supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state financial awards, page 103 and 104, is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and State of Texas Single Audit Circular*, and is also not a required part of the basic financial statements.

The supplemental schedules and the schedule of federal and state expenditures of awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules and the schedule of federal expenditures of awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

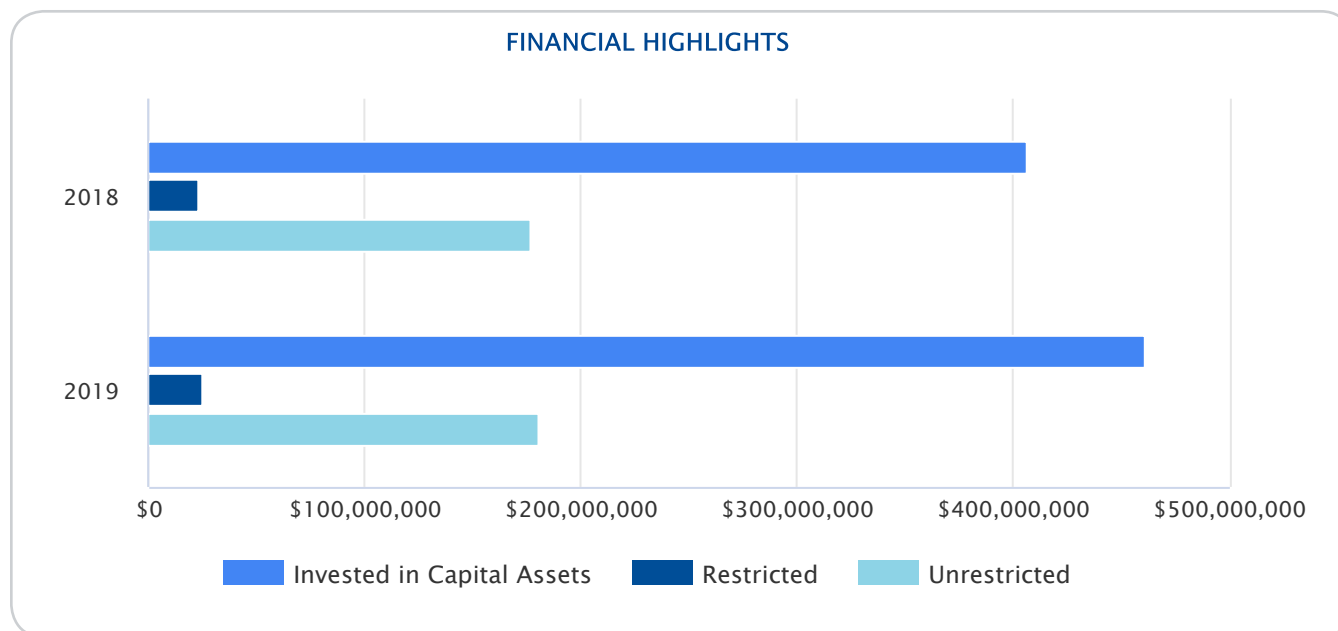
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2020, 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 the 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.

Collier, Johnson & Woods



As management of the Port of Corpus Christi Authority of Nueces County, Texas (Authority), we offer readers as an introduction to the Authority's financial statements, this narrative overview and analysis of the Authority's activities and financial performance for the year ended December 31, 2019. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements taken as a whole. All amounts, unless otherwise indicated, are expressed in whole dollars.



- The total net position of the Authority at December 31, 2019 was \$666,370,558, increasing \$59,992,414 or 9.9% over the prior year. Income before capital grants and contributions produced an increase in net position of \$57,456,007, and capital contributions provided an increase of \$2,536,407 to net position.
- The net investment in capital assets increased \$54,256,916 over the prior year as a result of capital additions net of depreciation of \$127,204,394 less an increase in the related capital debt as a result of expending previously borrowed funds.
- Restricted net position increased \$1,277,344 over the prior year. Law enforcement seizure funds, net of interest earned decreased \$4,142, while the required restriction for debt service increased \$1,281,486.
- Unrestricted net position of \$180,964,971 may be used to meet the Authority's current ongoing obligations to employees and creditors and increased \$4,458,154 over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's basic financial statements are comprised of the financial statements and the notes to the financial statements. The basic financial statements can be found on pages 15 through 41 of this report. Since the Authority is comprised of a single enterprise fund, no fund level financial statements are shown. This report also contains other supplementary information in addition to the basic financial statements themselves.

Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. These statements offer short and long-term financial information about its activities. The Statement of Net Position presents information on all 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 assets and liabilities are presented in a format which distinguishes between current and long-term assets and liabilities. Net position increases when revenues exceed expenses. An increase in assets without a corresponding increase to liabilities results in increased net position, which indicates an improved financial position.

The Statement of Revenues, Expenses, and Changes in Net Position accounts for all of the Authority's current year's revenues and expenses. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., earned but unused vacation leave).

The Statement of Cash Flows primary purpose is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Required Supplementary Information

In addition to the financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the basic financial statements found on pages 42 - 44 of this report.

FINANCIAL ANALYSIS

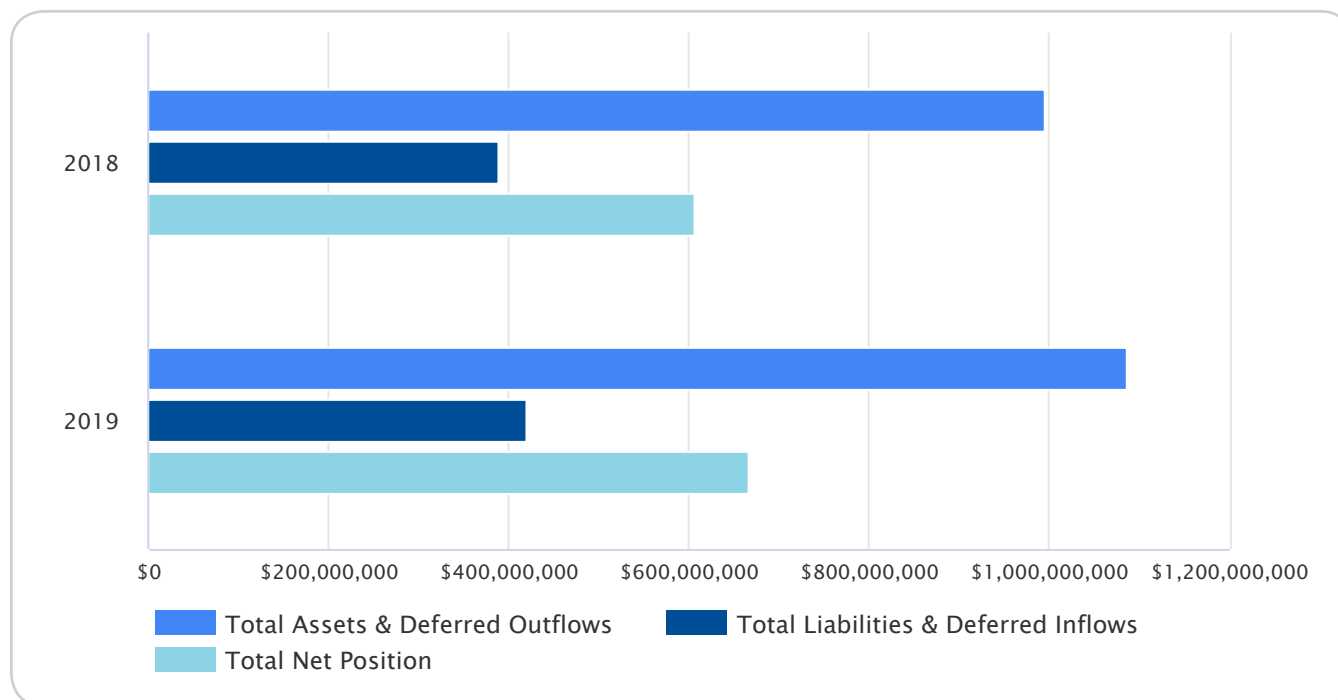
The fundamental question that is most asked of business is, as a whole "Are you better off or worse off as a result of the year's activities?" The Statement of Net Position, and the Statements of Revenues, Expenses, and Changes in Net Position report information about the Authority's activities in a way that will help answer this question. These two statements report the net position of the Authority and changes in it. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating.

Statement of Net Position

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.

The following condensed Statement of Net Position provides an overview of the Authority's net position as of December 31, 2019 and 2018

	2019	2018	2019 - 2018 Change
Assets			
Current assets	\$ 265,724,197	\$ 222,909,126	\$ 42,815,071
Restricted assets	75,627,744	153,158,337	(77,530,593)
Capital assets	737,649,539	610,445,145	127,204,394
Other non-current assets	1,901,595	7,262,930	(5,361,335)
Total Assets	1,080,903,075	993,775,538	87,127,537
Deferred Outflows of Resources			
Deferred outflows	5,265,591	1,737,517	3,528,074
Total Assets and Deferred Outflows of Resources	1,086,168,666	995,513,055	90,655,611
Liabilities			
Current liabilities	42,321,597	24,282,862	18,038,735
Long-term debt, net of current portion	313,530,383	321,912,024	(8,381,641)
Unearned revenue and capital leases, net of current portion	57,628,836	37,187,658	20,441,178
Other liabilities	5,424,534	4,543,704	880,830
Total Liabilities	418,905,350	387,926,248	30,979,102
Deferred Inflows of Resources			
Deferred inflows	892,758	1,208,663	(315,905)
Total Liabilities and Deferred Inflows of Resources	419,798,108	389,134,911	30,663,197
Net Position			
Net investment in capital assets	460,648,797	406,391,880	54,256,916
Restricted	24,756,790	23,479,447	1,277,344
Unrestricted	180,964,971	176,506,817	4,458,154
Total Net Position	\$ 666,370,558	\$ 606,378,144	\$ 59,992,414



The Authority's net position of \$666,370,558 at the close of 2019 increased by \$59,992,414 over 2018. The largest portion of the Authority's net position (69.1%) reflects its net investment in capital assets. The Authority uses these capital assets to provide services to its customers and 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 needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position (27.2%) may be used to meet the Authority's ongoing obligations to employees and creditors. The remainder of the Authority's net position (3.7%) represents resources that are subject to external legal restrictions on how they may be used.

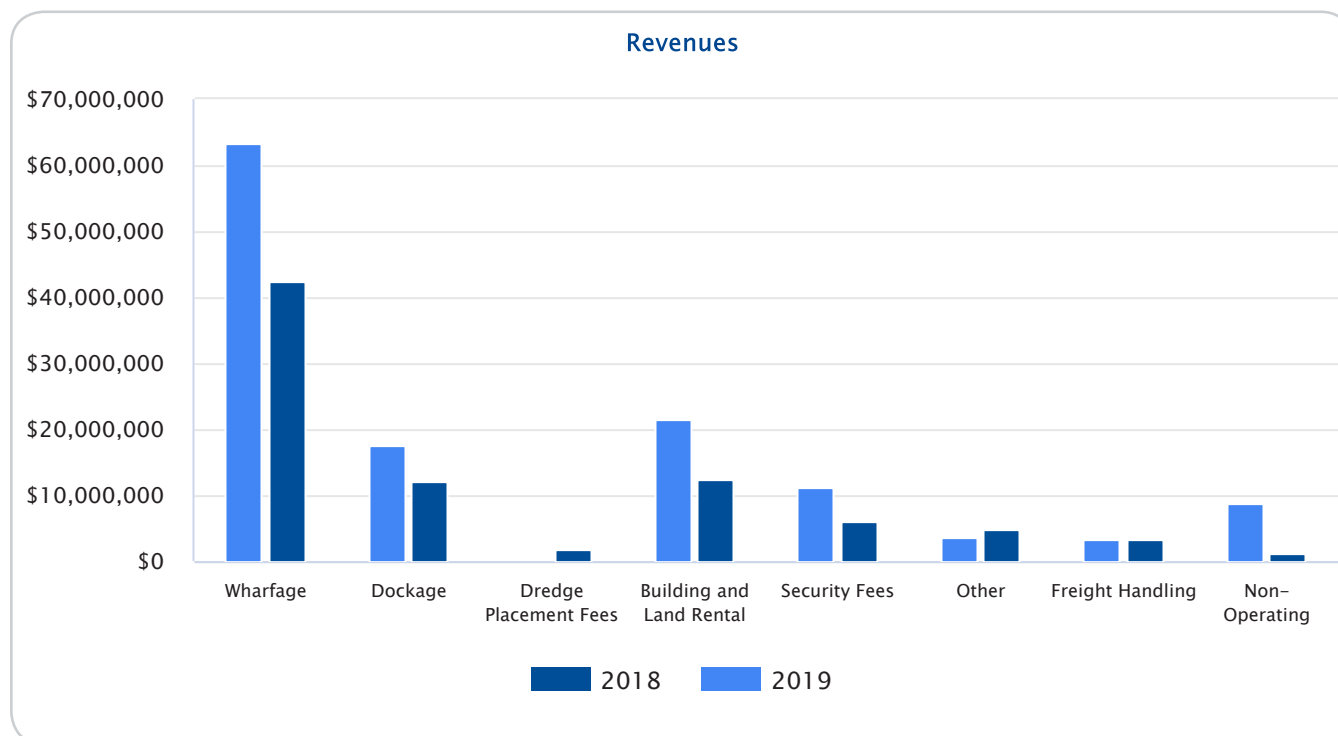
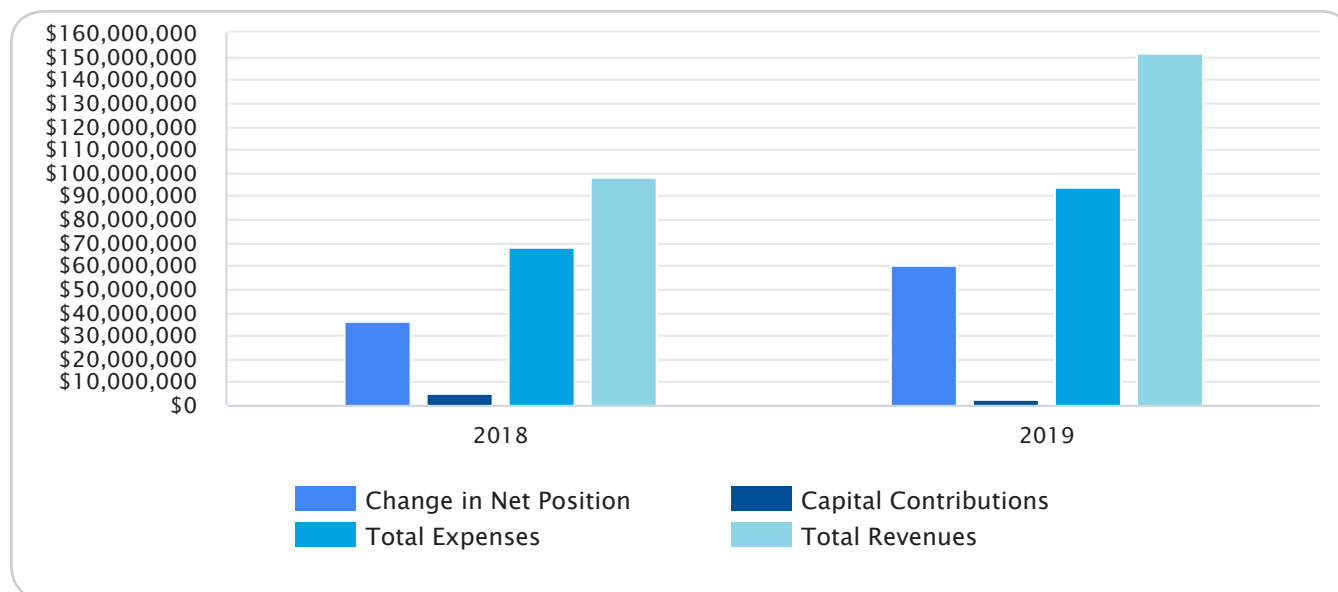
The Authority's total assets and deferred outflows increased by \$90,655,611 (9.1%) over 2018. The majority of this change is from increases in current assets of \$42,815,071 and net capital assets of \$127,204,394, offset by a decrease in restricted assets of \$77,530,593. The majority of the increase in current assets is from an increase in cash and investments of \$29,546,183 and an increase in accounts receivable, net of \$10,686,336. The increase in net capital assets is shown in detail on page 11 of the Management's Discussion and Analysis. Restricted assets have decreased primarily due to the expenditure of bond proceeds of \$78,807,936 on capital assets.

The Authority's total liabilities and deferred inflows increased by \$30,663,197 (7.9%) over 2018. Current liabilities have increased \$18,038,735 and unearned revenues and capital leases, net of current portion have increased \$20,441,178 over 2018, while long term debt, net of current portion has decreased by \$8,381,641 from 2018.

Statement of Revenues, Expenses, Change in Net Position

The Statement of Revenues, Expenses, and Change in Net Position serve as a measure to determine how successful the Authority was during the past year in recovering its costs through its user fees and other charges, as well as its profitability and credit worthiness. The following Statement of Revenues, Expenses, and Change in Net Position summarizes the operations of the Authority for the years ended December 31, 2019 and 2018:

	2019	2018	2019 - 2018 Change
Revenues			
Operating revenues:			
Wharfage	\$ 63,467,357	\$ 50,487,100	\$ 12,980,257
Dockage	17,676,236	15,310,185	2,366,051
Security fees	11,299,077	9,014,385	2,284,692
Freight handling	3,437,356	4,033,418	(596,062)
Rail charges	3,426,169	2,552,814	873,355
Building and land rentals	21,566,430	18,591,803	2,974,627
Conference center fees	1,903,112	2,017,419	(114,307)
FTZ user fees	247,000	241,833	5,167
Dredge placement fees	1,500	436,910	(435,410)
Other	3,681,585	2,930,524	751,061
Insurance proceeds, Hurricane Harvey	1,536,964	163,737	1,373,227
Total operating revenues	128,242,786	105,780,128	22,462,658
Investment income	7,974,561	4,807,322	3,167,239
Federal and other grant assistance	877,920	266,930	610,990
Contributions from Harbor Bridge commitment	14,037,941	14,761,550	(723,609)
Total Revenues	151,133,208	125,615,930	25,517,278
Expenses			
Operating expenses:			
Maintenance and operations	27,804,966	24,934,261	2,870,705
General and administrative	31,328,255	25,435,988	5,892,267
Hurricane Harvey related repairs	2,361,711	963,247	1,398,464
Depreciation	14,661,500	14,149,761	511,739
Total operating expenses	76,156,432	65,483,257	10,673,175
Interest expense and fiscal charges	13,002,641	7,697,446	5,305,195
Bond issuance expenses	-	1,993,237	(1,993,237)
Contributions-Harbor Bridge commitment	1,517,492	1,786,441	(268,949)
Contributions to other governments	3,000,000	3,000,000	-
Loss on disposal of assets	636	61,064	(60,428)
Total Expenses	93,677,201	80,021,445	13,655,756
Income Before Contributions	57,456,007	45,594,485	11,861,522
Capital Contributions	2,536,407	3,720,723	(1,184,316)
Changes in Net Position	59,992,414	49,315,208	10,677,206
Total Net Position, Beginning of Year	606,378,144	558,000,386	48,377,758
Cumulative Effect of Change in Accounting Principle	-	(937,450)	937,450
Total Net Position, as Restated	606,378,144	557,062,936	49,315,208
Total Net Position, End of Year	\$ 666,370,558	\$ 606,378,144	\$ 59,992,414



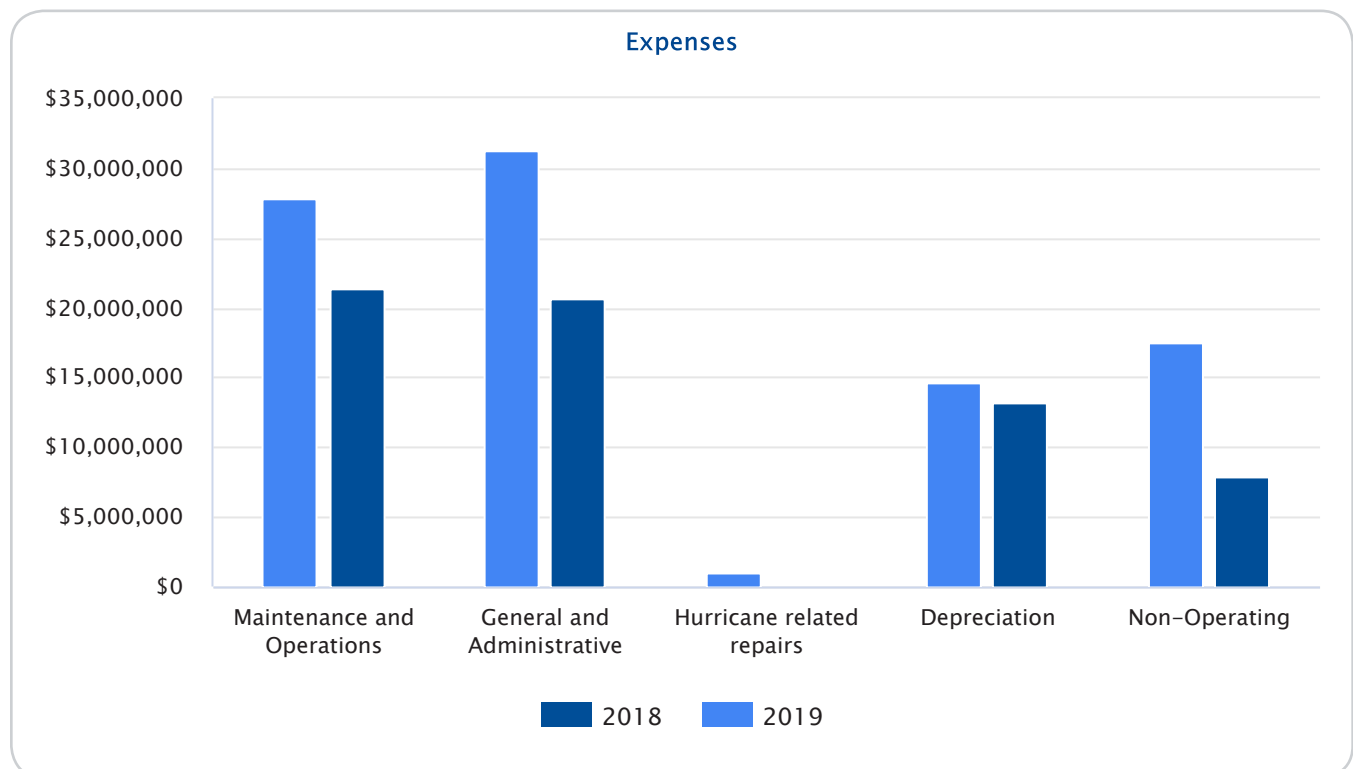
Operating revenues in 2019 increased by \$22,462,658 or 21.2% over 2018. The major variances in revenues from 2019 to 2018 are as follows:

- Wharfage \$ 12,980,257
- Building and land rentals 2,974,627
- Dockage 2,366,051
- Security fees 2,284,692

Wharfage increased \$6,923,293 at the private oil docks, \$4,446,034 at the public oil docks and \$1,780,692 at the dry cargo docks, while decreasing \$169,762 at the bulk docks, grain elevator and other docks. The increase at the private oil docks is due primarily to two customers, Corpus Christi Liquefaction, LLC and Moda Midstream, LLC.

Corpus Christi Liquefaction, LLC began operations in December, 2018 of a liquefied natural gas (LNG) export terminal, and Moda Midstream, LLC has commissioned upgrades in early 2019 to enable loading of very large crude carriers (VLCCs) for crude export. The Authority constructed a new public oil dock for the exclusive use of NuStar that went into operation the last quarter of 2018 and this dock has led to the majority of the increased wharfage revenues at the public oil docks. Crude and petroleum tonnage has increased 17.1% over 2018 also contributing to the wharfage increases at the public and private oil docks. Building and land rentals of Authority properties have increased primarily due to new tenants and rent provisions guaranteeing minimum throughputs.

Non-operating revenues have increased \$3,054,620 over 2018. The Authority recognized an increase in investment income of \$3,167,239 mainly due to the purchase of longer term investments in the first half of 2019 when interest rates were increasing, and the increase in investible cash from net operating activities and the remaining proceeds from the sale of revenue bonds in August, 2018.



Operating expenses in 2019 increased \$10,673,175 or 16.3% over 2018. The major variances in expenses from 2019 to 2018 are as follows:

• Employee services	\$ 2,833,567
• Professional services	2,510,118
• Maintenance	2,211,897
• Hurricane Harvey repairs	1,398,464

Staffing has increased by 9% over 2018 causing an increase in employee service costs.

Professional service expenses increased mainly due to an increase in legal services. Additional information regarding the Authority's litigation can be found in Note 11 on page 39.

Maintenance expenses increased mainly due to an increase of \$2,027,489 in maintenance and repairs to the Authority's buildings and infrastructure, including unplanned dredging expense of \$1,342,160 at two of the Authority's public oil docks to eliminate shoaling.

Hurricane Harvey repairs continued in 2019 and costs are expected to continue in 2020 for mitigation and repair costs as further explained in Footnote 12 of the Authority's financial statements.

Capital Grants and Contributions

Capital grants and contributions decreased by \$1,184,316 from 2018. The Authority is the recipient of a number of federal and state grants from a variety of programs. These grant funds are recorded on the basis of project expenditures made. As projects are advanced and expenditures incurred, grant funds are requested on a reimbursement basis and then recognized. Capital grants and contributions at December 31, 2019 include the following:

• State funded road construction	\$ 1,239,529
• State funded rail improvements	1,044,502
• Security improvements	252,376

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Authority's investment in capital assets as of December 31, 2019, amounts to \$737,649,539 (net of accumulated depreciation). This investment in capital assets includes port facilities, elevator and bulk terminal facilities, machinery and equipment, property and buildings, furniture and equipment, intangibles and construction in progress. This amount represents a net increase (additions net of retirements and depreciation) of \$127,204,394 or 20.8%. Additional information regarding the Authority's capital assets can be found in Note 4 to the financial statements on page 27.

Major capital asset activity during 2019 include the following:

• Channel deepening and widening	\$ 67,553,690
• Construction of new docks	26,702,057
• Hillcrest program land expenditures to be capitalized at end of program	12,564,636
• Laydown yard and storage improvements	6,637,257
• Design/construction of new office facility	5,611,423
• Improvements to bulk handling facilities	4,436,918

	2019	2018	2019-2018 Change
Capital assets, not being depreciated:			
Land	\$ 117,521,032	\$ 117,521,032	\$ -
Channel and waterfront improvements	58,428,086	58,208,698	219,388
Intangibles	387,429	387,429	-
Construction in progress	349,819,707	223,939,253	125,880,454
	526,156,254	400,056,412	126,099,842
Capital assets, being depreciated:			
Port facilities	150,375,991	150,227,608	148,383
Buildings and improvements	48,376,821	46,797,595	1,579,226
Machinery and equipment	12,544,307	13,301,261	(756,954)
Intangibles	196,166	62,269	133,897
	211,493,285	210,388,733	1,104,552
Net Capital Assets	\$ 737,649,539	\$ 610,445,145	\$ 127,204,394

Long-Term Debt

On May 27, 2015, the Authority issued \$115,000,000 in taxable revenue bonds for the purposes of acquiring land and acquiring, purchasing, constructing, enlarging, extending, repairing or developing facilities or aids incident to or useful or necessary in the operation or development of the Authority's ports and waterways or in aid of navigation and

commerce. The bonds are secured by the pledged revenues from the operation of Port Facilities after the deduction of maintenance and operating expenses other than those related to depreciation or the interest expense on the bonds.

On August 8, 2018, the Authority issued \$115,000,000 in Series B Taxable revenue bonds for the purpose of acquisition, design, construction, reconstruction, repair, rehabilitation, improvement and equipping the Port facilities in the Authority's capital improvement program, including the acquisition of land for authorized Authority purposes and construction of the Corpus Christi Ship Channel Project. The Authority also issued \$92,530,000 in Series A Non-Taxable revenue bonds on that date for the purpose of the Corpus Christi Ship Channel Project to deepen and widen the main channel and to add barge lanes.

Additional information regarding the Authority's long-term debt can be found in Note 7 to the financial statements on page 28. As of December 31, 2019, the Authority had long-term debt outstanding of \$321,038,611. The following table summarizes the Authority's long-term debt outstanding as of December 31, 2019 and 2018.

	2019	2018	2019-2018 Change
General revenue bonds	\$ 304,795,000	\$ 309,325,000	\$ (4,530,000)
Bond premium	16,243,611	17,117,024	(873,413)
Total Long-term Debt	\$ 321,038,611	\$ 326,442,024	\$ (5,403,413)

The Authority maintains an A+ rating from S&P Global Ratings and an A1 rating from Moody's Investor Service on its' general revenue bonds. On March 26, 2020, in response to the growing global economic crisis brought on by the COVID-19 pandemic, S&P revised to negative their outlook on nearly all long-term debt ratings in the U.S. transportation infrastructure sector, including the Authority. That outlook had previously been rated Stable. In accordance with the Authority's general revenue bond covenants, the Authority is required to maintain a revenue bond coverage of at least 1.25 times the average annual debt service requirements. As of December 31, 2019, the Authority's revenue bond coverage was 3.89.

ECONOMIC OUTLOOK

The Authority, along with its attendant customer base, culminated several years of increasing growth by achieving record shipment levels in 2019. That growth was driven primarily by the unprecedented oil and gas production in the Permian Basin and demand for those products in export markets. As a result, the Authority set a series of shipment records throughout 2019, concluding with a new monthly record high of 13.8 million tons shipped in December to cap a new full year record of 122.2 million tons, a 16-million-ton improvement over the prior record, set the previous year. This year marked the third consecutive year of record shipments for the Authority. The Authority continues to successfully reach contractual arrangements with new customers that protect future revenues of the Authority by deploying Authority capital in return for minimum guaranteed throughput arrangements from the customer. In 2019, the Authority was the third largest port in the United States, as measured by total tonnage, and in the fourth quarter of the year became the leading crude oil export port in the United States. The 16 million ton increase over the prior year, which represented a 15% year-over-year growth rate, was primarily driven by a 12.2 million ton increase in crude oil shipments, with a 15.4 million ton increase in crude oil exports only slightly diminished by a decrease in crude oil imports primarily as a result of economic sanctions placed on Venezuela which shifted traditional feedstock sourcing for Citgo, one of the region's major refiners. In addition, LNG shipments from Cheniere Energy's Corpus Christi Liquefaction, LLC (CCL) subsidiary plant increased by 6.6 million tons over the prior year with a full year of production. The CCL plant had been newly commissioned late in 2018. Those gains were partially offset by a 2.5 million decline in shipments of finished products, primarily related to the refining customer that was limited in its ability to import crude during the year due to the aforementioned sanctions. The Authority continues to play a vital role as a major refining hub and has cemented its position as the gateway of choice for both Eagle Ford and Permian Basin oil and gas plays, as well as a logistical and distribution center for cargoes used in drilling, fracturing and pipeline projects.

The primary driver for the growth in crude oil export volumes was continued growth in Permian Basin production in 2019, making it for a time the most productive oil field in the world, along with the completion and commissioning in 2019 of two of three proposed pipelines bringing oil from the Permian to Corpus Christi. The Plains All-American

Cactus II and EPIC pipelines were brought online in the third quarter of 2019. A third pipeline, the Phillips 66 Grey Oak Pipeline, was commissioned in the first quarter of 2020. The three pipelines combined have a capacity for 2.7 million barrels per day of crude oil, and the Authority believes that it should see a significant amount of those volumes for export from Corpus Christi. After averaging less than 500,000 barrels per day of crude exports in the first eight months of 2019, The Authority exported an average of 1.3 million barrels per day in the last four months of the year. Those amounts increased in the first two months of 2020, as well, and provided an indication of the future capabilities of the gateway. The Authority's ability to gain approval and funding for a wider, deeper ship channel, coupled with an ability to develop more storage and terminal capacity was undoubtedly a driving factor in the decision by the pipeline companies to choose Corpus Christi as their preferred destination for export.

The Corpus Christi Ship Channel Improvement Project (CIP) remains a top priority for the Authority, as a deeper, wider ship channel will provide both navigation safety and transportation cost efficiencies for our customers. This project will deepen the channel from 47 feet MLLW (Mean Lower Low Water) to 54 feet MLLW, allowing for larger vessels to load more cargos; widen the channel to 530 feet to afford more two-way traffic for the larger vessel configurations; and provide for adjacent barge shelves. Significant milestones in that project were achieved in 2019. In January, the U.S. Army Corps of Engineers awarded the first construction contract for the project to Great Lakes Dredge & Dock Company, LLC, a \$92 million contract to perform the dredging from the jetties at the entrance of the ship channel to Harbor Island and extend the ship channel further into the Gulf of Mexico. That contract was completed in early 2020. After being included in the President's Budget and the Army Corps Work Plan in 2018, the Authority received \$53 million of funding in the President's Proposed FY20 Budget (announced in March 2019). Additionally, in February of 2020, it was announced that the President's FY21 Budget would have over \$100 million of further funding for the project. These amounts are in addition to the over \$140 million of funding provided by The Authority over the past three years for its cost share portion of the project. Although the costs have continued to increase (currently estimated at nearly \$600 million), the Authority has already set aside the money for its remaining share of the project and expects the second construction contract to be awarded in the first half of 2020, and expects the entire project to be completed over the next several years.

There were many other significant milestones achieved by the Authority and its customers in 2019.

In March 2019, the Port of Corpus Christi Commission approved a long-term lease with Lone Star Ports, LLC, for 200 acres on Harbor Island, near the entrance of the Corpus Christi Ship Channel, to develop a state-of-the-art crude export terminal. That agreement is the largest single commitment of capital in the Authority's history and will provide significant accretive value in the Authority's annual operating revenues. That project is in the early stages of development and construction bidding.

In April 2019, the Authority broke ground on a new administration building, which will replace the current administration buildings, which are both over sixty years old. The building will bring all of the Authority's administrative functions together under one roof in a modern building located adjacent to the Corpus Christi Ship Channel in the shadow of the new billion-dollar Harbor Bridge.

Corpus Christi Liquefaction, LLC, a subsidiary of Cheniere Energy, commenced construction in 2015 on the first phase of a \$14.5 billion liquefied natural gas (LNG) export terminal on 337 acres at the La Quinta Ship Channel. The project is being constructed in phases, and operations of the first processing unit at the facility commenced with the loading of the first commissioning cargo in December 2018. The second processing unit shipped its first cargo in August 2019, and the third unit should come online by the end of . Both units currently in operation are producing over 4.5 million tons of LNG annually.

In September 2019, Eagle Ford Terminals Corpus Christi LLC, a joint venture between Plains All American Pipeline and Enterprise Products Partners L.P., received its first vessel at its new dock in the Inner Harbor. The opening of the Eagle Ford Terminals dock gives producers another option to move the growing volume of Permian Basin crude oil out of Corpus Christi.

In December 2019, the first shipment of export crude oil was completed by EPIC Midstream from its dock in the Inner Harbor, a converted grain dock that will be replaced in late 2020 by a newly built dedicated crude oil dock at an adjacent property.

However, dramatic changes have occurred since the end of 2019 that may impact the short-term performance of the Authority. In late January 2020, the World Health Organization declared a global public health emergency, around the same time the first case was identified in the United States. The U.S. declared a national emergency related to the virus on March 13, 2020, and in the subsequent weeks has taken steps to close borders and limit the spread of

the virus through control of social interactions. Most states have enacted stay at home policies and have shuttered non-essential businesses, leading to an unprecedented drop in consumer spending and an immediate spike in unemployment.

On March 8, 2020, Saudi Arabia announced drastic discounts in the price of Saudi-produced crude oil following the breakdown of negotiations between OPEC and Russia regarding limits on production by both parties. The subsequent price war between OPEC and Russia resulted in the price of oil dropping 60% from its previous levels to below \$25 per barrel, a level at which most oil producers in the United States are unprofitable.

The combination of these two factors has led to a drastic reduction in the amount of crude oil being exported by the Authority and its customers, and will most likely lead to a significant slowdown in the amount of finished petroleum products produced by the area refiners, at least in the short term. While the duration of the downturn is unknown at present time, the Authority expects it to reduce shipments and revenue from the record levels seen at the end of 2019 to something more in line with the amounts seen over the first eight months of 2019, if not slightly lower.

The Authority is well positioned to weather short to medium term disruptions, with over \$300 million of cash, cash equivalents and investments on hand at the end of 2019. In addition, the Authority will take appropriate measures to control both operational and capital spending in 2020 to ensure that operating margins remain in line with previous results and capital investments associated with the energy sector are deferred into 2021 and beyond.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Authority's Chief Financial Officer, 222 Power Street, Corpus Christi, TX 78401.

	2019
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents (Note 2)	\$ 42,548,638
Investments (Note 2)	183,977,440
Accounts receivable, net (Note 3)	33,269,375
Interest receivable	584,185
Intergovernmental receivable	3,028,465
Inventory	1,032,508
Prepaid expenses	1,283,586
Total Current Assets	<u>265,724,197</u>
NON-CURRENT ASSETS:	
RESTRICTED ASSETS:	
Restricted cash and cash equivalents (Note 2)	70,628,197
Restricted investments (Note 2)	4,999,547
Total Restricted Assets	<u>75,627,744</u>
CAPITAL ASSETS:	
Capital assets, not being depreciated (Note 4)	526,156,254
Capital assets, being depreciated, net (Note 4)	211,493,285
Capital Assets, Net	<u>737,649,539</u>
OTHER NON-CURRENT ASSETS:	
Accrued revenues, net of current portion	1,173,654
Escrow agreement (Note 5)	627,941
Purchase option deposit	100,000
Total Other Non-Current Assets	<u>1,901,595</u>
Total Non-Current Assets	<u>815,178,877</u>
TOTAL ASSETS	<u>1,080,903,074</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow related to pensions (Note 8)	5,265,591
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>1,086,168,665</u>
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES:	
Accounts payable	17,739,773
Accrued expenses	1,284,503
Accrued interest payable	1,141,802
Unearned revenue, current portion (Note 7)	12,357,313
Unearned capital lease, current portion (Note 7)	457,040
Current maturities of long-term debt (Note 7)	7,508,228
Compensated absences, current portion (Note 7)	1,832,938
Total Current Liabilities	<u>42,321,597</u>
NON-CURRENT LIABILITIES:	
Unearned revenue, net of current portion (Note 7)	51,252,791
Unearned capital lease, net of current portion (Note 7)	6,376,045
Long-term debt, net of current maturities (Note 7)	313,530,383
Compensated absences, net of current portion (Note 7)	1,893,829
Net pension liability (Note 8)	2,076,256
OPEB liability (Note 9)	1,454,449
Total Non-Current Liabilities	<u>376,583,753</u>
TOTAL LIABILITIES	<u>418,905,350</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow related to pensions (Note 8)	493,527
Deferred inflow related to OPEB (Note 9)	399,231
Total Deferred Inflows of Resources	<u>892,758</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>419,798,108</u>
NET POSITION:	
Net investment in capital assets	460,648,797
Restricted:	
Bond interest and redemption	24,750,093
Law enforcement	6,697
Unrestricted	180,964,971
TOTAL NET POSITION	<u>\$ 666,370,558</u>

	2019
OPERATING REVENUES:	
Wharfage	\$ 63,467,357
Dockage	17,676,236
Security fees	11,299,077
Freight handling	3,437,356
Rail Charges	3,426,169
Building and land rentals	21,566,430
Conference center services	1,903,112
FTZ user fees	247,000
Dredge placement fees	1,500
Other	3,681,585
Insurance proceeds, Hurricane Harvey (Note 12)	1,536,964
Total Operating Revenues	128,242,786
OPERATING EXPENSES:	
Maintenance and operations	27,804,966
General and administrative	31,328,255
Hurricane Harvey related repairs	2,361,711
Depreciation	14,661,500
Total Operating Expenses	76,156,432
Operating Income	52,086,354
NON-OPERATING REVENUES (EXPENSES):	
Investment income	7,974,561
Federal and other grant assistance	877,920
Interest expense and fiscal charges	(13,002,641)
Contributions to Harbor Bridge commitment (Note 11)	(1,517,492)
Contributions from Harbor Bridge commitment (Note 11)	14,037,941
Contributions to other government agencies (Note 11)	(3,000,000)
Loss on disposal of assets	(636)
Net Non-Operating Revenues	5,369,653
Income Before Capital Grants and Contributions	57,456,007
CAPITAL GRANTS AND CONTRIBUTIONS	2,536,407
Change in Net Position	59,992,414
Total Net Position, Beginning of Year	606,378,144
Total Net Position, End of Year	\$ 666,370,558

	2019
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 148,766,262
Cash payments to suppliers for goods & services	(34,111,093)
Cash payments to employees for services	(25,073,378)
Cash payments to and received from other operating sources	3,010
Net Cash Provided by Operating Activities	89,584,801
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Operating grants received	889,904
Cash received on behalf of Harbor Bridge commitment	1,516,500
Payments on behalf of Harbor Bridge commitment	(1,517,492)
Payments to other governments	(3,000,000)
Net Cash Used by Noncapital Financing Activities	(2,111,088)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(137,277,171)
Capital grants and contributions	662,324
Cash received on behalf of Harbor Bridge commitment	12,521,441
Purchase of escrow agreement	(627,941)
Principal payment on capital debt	(4,530,000)
Interest expense and fiscal charges	(13,884,578)
Net Cash Used for Capital and Related Financing Activities	(143,135,925)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	5,719,631
Proceeds from sale and maturities of investments	322,295,000
Purchase of investments	(432,856,757)
Net Cash Used by Investing Activities	(104,842,126)
Net Decrease in Cash and Cash Equivalents	(160,504,338)
Cash and Cash Equivalents at Beginning of Year, Including Restricted Accounts	273,681,173
Cash and Cash Equivalents at End of Year, Including Restricted Accounts	\$ 113,176,835

(Continued)

RECONCILIATION OF OPERATING INCOME TO NET

CASH PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ 52,086,354
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	14,661,500
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Accounts and intergovernmental receivables	(10,685,838)
Inventories	(95,624)
Prepaid items	(328,568)
Accrued revenues, net of current	3,120,961
Net pension asset	2,868,315
Deferred outflows of resources	(1,514,264)
Accounts payable and accrued expenses	2,243,452
Unearned revenue	28,835,293
Unearned capital lease revenue	(457,040)
Net pension liability	2,076,256
OPEB liability	(301,396)
Compensated absences	(594,885)
Deferred inflows of resources	(2,329,715)
Total Adjustments	37,498,447
Net Cash Provided by Operating Activities	\$ 89,584,801

Noncash Investing, Capital, and Financing Activities:

Amortization (accretion) of premium/discounts on investments	\$ (1,426,597)
Change in fair value of investments	(531,574)
Change in accrued interest on investments	(296,759)
Change in intergovernmental receivables	(1,862,099)
Amortization of premium on revenue bonds	(873,413)
Loss on disposal of assets	636
Acquisition of capital assets accrued but not paid	4,589,359

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Port of Corpus Christi Authority of Nueces County, Texas (Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

GENERAL HISTORY OF THE PORT OF CORPUS CHRISTI AUTHORITY

The Nueces County Navigation District No. 1 was created November 30, 1922, by an order of the Commissioners Court of Nueces County, Texas after an election duly held on October 31, 1922, at which time the establishment of said district was submitted to the qualified taxpaying voters of Nueces County, Texas. The territorial boundaries of the District were made co-extensive with those of Nueces County. In 2003, Senate Bill 1934 was passed that allowed for the annexation of San Patricio County into the territorial jurisdiction of the Authority. The District was organized under Article III, Section 52, of the Constitution of the State of Texas, but has since been transferred to and is operating under Article XVI, Section 59, of the Texas Constitution and related laws of the State of Texas, particularly Sections 60 and 62 of the Texas Water Code and all amendments thereto. The Authority being a navigation district and political subdivision of the State of Texas is a separate and distinct entity from Nueces County and operates independently with its own Port Commission as its governing body. The only relationship the Authority and Nueces County have is that in the event the Port Commission deems it necessary to issue tax supported bonds, it must request the Commissioners Court to call an election. The Commissioners Court shall call the election, canvas the vote, and if the bond issue is approved, thereafter set the necessary tax rate to service the bonds. The original property, plant and equipment of the Authority were acquired with funds from the sale of bonds, the interest and sinking funds being provided from ad valorem taxes levied on the property within Nueces County, Texas. Additions to the property, plant and equipment of the Authority have been made with surplus funds arising from the operations of the Authority facilities, grants from the Federal Government, proceeds of general revenue bonds, and improvement bonds supported by ad valorem tax levies.

On May 20, 1981, the Governor of the State of Texas signed into law a bill changing the legal name of the Nueces County Navigation District No. 1 to the Port of Corpus Christi Authority of Nueces County, Texas.

REPORTING ENTITY

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards. GASB defines the reporting entity as the primary government and those component units for which the primary government is financially accountable.

COMPONENT UNIT

The Industrial Development Corporation (IDC) was organized by the Authority under the State of Texas Development Corporation Act of 1979. The IDC is a non-profit corporation that issues industrial development revenue bonds to promote and develop commercial, industrial and manufacturing enterprises and to promote and encourage employment and public welfare. The issuance of any such bonds is adopted by the Board of Directors (Board) of the IDC and approved by the Texas Economic Development Commission (TEDC) and the Port Commission. Net earnings of the IDC may be distributed to the Authority by action of the Board or upon dissolution of the IDC. The IDC is considered a blended component unit as the Authority has financial accountability. The Board of the IDC is appointed by the Port Commission and it is comprised of three members of the Port Commission and two members of the staff of the Authority, and the Authority is able to impose its will on the IDC. In addition, the Authority's management has operational responsibility of the IDC. The financial statements of the IDC are not material to the financial statements of the Authority and have not been included in the basic financial statements. The condensed financial statement information of the IDC follows:

	2019
Total Net Position	\$ 91,799
Change in Net Position	\$ (162,666)

The financial statements of the IDC may be obtained from the Authority's Chief Financial Officer at 222 Power Street, Corpus Christi, Texas 78401.

BASIS OF ACCOUNTING

The Authority operates as an enterprise fund to report on its financial position and the results of its operations. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. All enterprise funds are accounted for on a flow of economic resources measurement focus, whereby all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Proprietary fund equity is classified as net position. Enterprise fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

The accrual basis of accounting is utilized by enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are charges to customers for the use of facilities and services provided. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

An annual budget for the Authority is adopted on a basis consistent with generally accepted accounting principles for proprietary funds, as a prudent management tool. Monthly budget reports are prepared for management to maintain proper budgetary control and are reviewed by the Port Commission on a monthly basis.

CASH AND CASH EQUIVALENTS

The Authority's cash and cash equivalents consists of cash on hand, cash held on deposit with financial institutions in demand deposit accounts, and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents are included in both unrestricted and restricted assets.

INVESTMENTS

In accordance with its Investment Policy and the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code (PFIA), the Authority may invest in obligations of the US Government, its agencies and instrumentalities, fully collateralized or insured time deposits, local government investment pools having a rating not less than AAA, money market mutual funds registered with the SEC whose assets consist exclusively of obligations of the US Treasury, its agencies or instrumentalities and repurchase agreements backed by those securities, fully collateralized repurchase agreements, general debt obligations of states, agencies, counties, cities and other subdivisions of the United States with a rating not less than AA, fully insured brokered certificates of deposit, delivered versus payment to the Authority's safekeeping agent, and A1/P1 commercial paper with a maturity not to exceed 180 days.

Investments that mature within one year of acquisition are stated at cost or amortized cost. Investments with the remaining maturity of more than one year at the time of purchase are carried at fair value. Any realized gains and losses in fair value are reported in the operations of the current period.

ACCOUNTS RECEIVABLE

Trade receivables are shown net of an allowance for uncollectible accounts which is determined based on historical experience and collection efforts. Bad debts are written off against the accounts receivable allowance when deemed uncollectible.

INVENTORY AND PREPAID ITEMS

Inventory is valued at cost utilizing the first in first out method. Inventory consists of expendable materials used in the operation and maintenance of port facilities.

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

PROPERTY, PLANT AND EQUIPMENT

Property constructed or acquired by purchase is stated at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession agreement are stated at acquisition value as of the date received. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Authority policy has set the capitalization threshold for reporting capital assets at \$5,000. The Authority reviews the carrying value of its capital assets to determine if circumstances exist indicating impairment in the carrying value. If facts or circumstances support impairment, management follows guidance in GASB No.42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*.

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

Port facilities	10-50 Years
Buildings and improvements	5-50 Years
Machinery and equipment	3-50 Years
Intangibles	3-5 Years

RESTRICTED ASSETS

Certain resources set aside for the repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable bond covenants.

Certain assets are reclassified as restricted due to the restriction on the use of these funds for a particular purpose.

All revenues received from participating in Federal equitable sharing of forfeited properties are restricted for use by the *United States Department of Justice Guide to Equitable Sharing of Federally Forfeited Property for State and Local Law Enforcement Agencies* or the *United States Department of Treasury Guide of Equitable Sharing For Foreign Countries and Federal, State and Local Law Enforcement Agencies*. Revenues received from participating in the State sharing of forfeited properties are also restricted for use as defined by state statutes. The Authority receives an annual allocation payment from the Law Enforcement Officer Standards and Education (LEOSE) account and that cash is restricted until spent for qualified expenses related to the continuing education of law enforcement personnel.

When an expense is incurred for purposes for which restricted and unrestricted net position are available, the Authority's policy is to apply restricted assets first.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The Authority has the following items that qualify for reporting in this category.

- Pension contributions after the measurement date – These contributions are deferred and recognized the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a period of five years.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the average remaining service life for all active, inactive, and retired members.
- Changes in actuarial assumptions used to determine pension liability – This difference is deferred and amortized over the average remaining service life for all active, inactive, and retired members.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has the following items that qualify for reporting in this category.

- Difference in expected and actual pension experience – This difference is deferred and recognized over the average remaining service life for all active, inactive, and retired members.
- Difference in expected and actual OPEB experience – This difference is deferred and amortized over a period of five years.
- Changes in actuarial assumptions used to determine OPEB liability – This difference is deferred and amortized over the average remaining service life for all active, inactive, and retired members.

PENSION PLAN

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCERS's fiduciary net position have been determined on the same basis as they are reported by TCERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For more information on the Authority's pension plans, see Note 8 of the Notes to the Financial Statements.

COMPENSATED ABSENCES

Authority employees are granted vacation at rates of 10 to 25 days per year and may accumulate up to a maximum of 30 to 75 days, depending on their length of employment. Upon termination, employees are paid for any unused accumulated vacation up to a maximum of two (2) times their annual vacation accrual. Sick leave accumulates at the rate of 12 days per year. Upon termination for any reason other than for cause, employees are paid for any unused sick leave up to a maximum of 60 days. Compensated absences are accrued when incurred.

UNEARNED REVENUE

Advance payments for the deposit of dredge materials into the Authority's dredge placement areas are recognized as the materials are deposited, and operating lease payments, damage claims and foreign trade zone user fees are recognized as income over the term of related agreements. Amounts received but not yet earned are reflected as unearned revenue in the accompanying statement of net position.

NET POSITION

Net position represents the residual interest in the Authority's assets and deferred outflows after liabilities are deducted and consists of three sections: net investment in capital assets; restricted and unrestricted. Net investment in capital assets consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position that does not meet the definition of net investment in capital assets or restricted is classified as unrestricted.

CASH RESERVE POLICY

It is the desire of the Authority to maintain adequate funds to maintain liquidity in anticipation of economic downturns or natural disasters. The Authority's Commission has adopted a Cash Reserve Policy and established target goals to further this position.

- Contingencies – a target goal of \$10,000,000 was established to cover emergency expenditures incurred due to catastrophic events.
- Self Insurance – a target goal of \$5,000,000 was established to cover managed risk exposures.
- Operating – a target goal of a minimum of six months and a maximum of nine months of annual operating expenses, net of depreciation based on the annual operating budget to maintain financial flexibility, liquidity and stability.

These target goals are reviewed annually and will be modified as necessary to ensure adequate resources for statutory and legal reserves.

CONCENTRATION OF REVENUES

The Authority's operating revenues are subject to risk because of their concentration in the petroleum industry, which has the potential to be negatively impacted by a combination of decreasing consumer demand for finished products and decreased domestic production of Texas crude oil as a result of the COVID-19 pandemic and an ongoing war for crude oil market share between Russia and Saudi Arabia. Eight customers from the petroleum industry made up over 62 percent of the Authority's wharfage and dockage revenue base for 2019, and the two product groups accounted for almost 90 percent of the Authority's tonnage total in 2019. The Authority believes, however, that much of that risk is mitigated by minimum guaranteed throughputs and long-term contracted land lease revenues, combined with a base demand level for all petroleum products that remains in place despite the current economic conditions. In addition, Petroleum Products, which are the Authority's second most prevalent commodity group representing 42 percent of all cargo, is a broad catch all for multiple distinct products such as LPG, LNG and refined products such as gasoline and diesel, and thus represent significant diversification from crude oil. The Authority has commented on its overall view of the general economic conditions in which it operates in both the MD&A and in the Transmittal Letter which accompanies these financial statements.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RECENT ACCOUNTING PRONOUNCEMENTS

The Authority has reviewed GASB pronouncements which become effective in future years and have listed below the statements that will be applicable to the Authority.

GASB 87 – Leases – requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. This statement changes the recognition requirements for certain lease assets and liabilities for leases that are currently classified as operating leases. This statement will become effective for the Authority and be implemented in fiscal year 2020.

GASB 89 – Accounting for Interest Cost Incurred Before the End of a Construction Period – requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type or enterprise fund. This statement will become effective for report periods beginning after December 15, 2019 and the Authority has implemented this statement in fiscal year 2018.

GASB 91 – Conduit Debt Obligations – requires that issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. This statement will become effective for report periods beginning after December 15, 2020. The Authority discloses this information and assumes no current or future obligation for repayment of the conduit debt obligations.

2. DEPOSITS AND INVESTMENTS

At December 31, 2019, the carrying amount of the Authority's demand deposits and cash on hand was \$125,231. The total bank deposits were covered by federal depository insurance (FDIC) or were secured by collateral held by the Authority's agent in the Authority's name.

The exit or fair value prices used for these fair value valuations of the portfolio are all Level 1 and represent unadjusted quoted prices in active markets for identical assets and liabilities that have been accessed at the measurement date.

Authority's investments at December 31, 2019 carried at fair value were:

Investment Type	Fair Value	2019	
		Weighted Average Maturity (Days)	Credit Risk
Money market funds	\$ 8,213,018	1	
Commercial Paper	43,903,729	1	
Local government pool	104,838,586	1	AAA
United States agencies	130,072,673	721	AAA
United States treasuries	15,000,585	273	AAA
Total	302,028,591		
Short-term investments included in cash and cash equivalents	113,051,604		
Equity in Total Investments	\$ 188,976,987		
Portfolio Weighted Average Maturity		329	

In accordance with GASB Codification Section 150.151-.158, "*Deposit and Investment Risk Disclosures*" the Authority's financial statements are required to address custodial credit risk, credit risk of investments, concentration of risk, foreign currency risk, and interest rate risk.

CUSTODIAL CREDIT RISK

To control custody and safekeeping risk, State law and the Authority's adopted Investment policy requires collateral for all time and demand deposits, as well as collateral for repurchase agreements, be transferred delivery versus payment and held by an independent party approved by the Authority. The custodian is required to provide original safekeeping receipts and monthly reporting of positions with position descriptions including fair value for both type transactions. All repurchase agreements and deposits must be collateralized to 102% and be executed under written agreements. The counterparty of each type transaction is held contractually liable for monitoring and maintaining the required collateral margins on a daily basis.

The Authority's portfolio contained no repurchase agreements and all bank demand deposits were fully insured and collateralized. All pledged bank collateral for demand deposits and certificates of deposits were held by an independent institution outside the bank's holding company.

CREDIT RISK

The primary stated objective of the Authority's adopted Investment Policy is the safety of principal and avoidance of principal loss. Credit risk within the Authority's approved investments authorized by the adopted Investment Policy occurs in time and demand deposits, repurchase agreements, investment pools, commercial paper, and state and municipal obligations. All other investments are rated AAA, or equivalent, by at least one nationally recognized securities rating organization (NRSRO). State law and the adopted Investment Policy requires inclusion of a procedure to monitor and act as necessary to changes in credit rating on any investment which requires a rating. The adopted Investment Policy also requires a procedure to verify continued FDIC insurance weekly on brokered certificates of deposit.

State law and the Authority's adopted Investment Policy restricts both depository time and demand deposits to those banks doing business in the State of Texas and further requires full FDIC insurance and/or 102% collateralization from these depositories. Depository certificates of deposit are limited to a stated maturity of

one year. Collateral, with a 102% margin, is required and restricted to obligations of the U.S. Government, its agencies, and instrumentalities, including mortgage backed securities passing the bank test. Independent safekeeping of collateral is required outside the pledging bank's holding company with monthly reporting by the custodian. Securities are priced at market on a daily basis as a contractual responsibility of the bank. The depository/collateral agreement must be executed under the terms of the Financial Industry Resource and Recovery Enforcement Act (FIRREA).

State law and the adopted Policy allow for investment in general obligations of any United States state or its agencies or sub-divisions not to exceed three years to stated maturity and rated not less than AA or its equivalent by one nationally recognized rating agency. The Authority's Investment Policy further restricts bonds to a maximum of \$10 million per issuer and block size purchases are limited to \$10 million.

Local government investment pools in Texas are required to be rated AAA, or equivalent, by at least one nationally recognized rating organization. The adopted Investment Policy restricts investments to AAA-rated, local government investment pools striving to maintain a \$1 net asset value and further regulated by state law.

CONCENTRATION OF RISK

The Authority recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. The adopted Investment Policy establishes diversification as a major objective of the investment program and sets diversification limits for all authorized investment types which are monitored on at least a monthly basis. Diversification limits are established as:

Investment Policy	Percent of Portfolio	
	2019	
United States Treasury securities	100%	4.95%
United States Agency securities	100%	42.92%
Depository Certificates of Deposit	80%	-
Repurchase Agreements	100%	-
Flex Agreements by bond fund	100%	-
Local Government Investment Pools	100%	34.60%
Percent of pool ownership	10%	-
Money Market Mutual Funds	100%	3.04%
Percent of pool ownership	10%	-
Interest bearing accounts	100%	-
Brokered Certificates of Deposit	10%	-
State and Local Debt Obligations	80%	-
Commercial Paper	15%	14.49%

INTEREST RATE RISK

Interest rate risk is the risk associated with declines or rises in interest rates, which cause an investment in a fixed-income security to increase or decrease in value. In order to limit interest and market rate risk from changes in interest rates, the Authority's adopted Investment Policy sets maximum maturity dates for authorized investment types and a maximum dollar-weighted average maturity limit for the portfolio. The maximum stated final maturity of any investment is three years. The dollar-weighted average maturity (WAM) of the total portfolio is restricted to a maximum of one year.

For purposes of disclosing interest-rate risk, the maturity of a government's position in an external investment pool is based on the average maturity of the pool's investments regardless of the ability of the pool's participants to withdraw funds on demand.

As of December 31, 2019, the portfolio contained twelve structured callable notes which would be impacted by interest rate risk as listed in the following table:

Issuer	Coupon Rate	Purchase Date	Maturity Date	Call Date	Call Structure	Book Value	Fair Value
FHLMC	1.850%	11/29/2018	07/13/2020	01/13/2019	Callable quarterly with 5 days notice	\$ 5,000,000	\$ 4,999,547
FAMCA	1.680%	11/21/2019	11/19/2021	05/19/2020	Callable anytime with 5 days notice	9,994,573	9,994,082
FHLB	2.000%	09/12/2019	09/13/2021	03/13/2020	Callable anytime with 5 days notice	9,999,006	10,006,541
FHLB	2.000%	10/30/2019	10/28/2022	04/28/2020	Callable anytime with 5 days notice	10,000,000	10,004,695
FHLB	1.700%	12/06/2019	08/25/2021	02/25/2020	Callable anytime with 5 days notice	9,997,266	10,000,701
FHLMC	2.050%	10/09/2019	10/07/2021	01/07/2020	Callable quarterly with 5 days notice	10,000,000	9,999,805
FHLMC	1.750%	11/26/2019	11/26/2021	02/26/2020	Callable quarterly with 5 days notice	10,000,000	9,997,934
FFCB	2.030%	9/6/2019	9/6/2022	12/06/2019	Callable quarterly with 5 days notice	10,000,000	9,978,373
FFCB	1.670%	11/13/2019	5/13/2021	02/13/2020	Callable quarterly with 5 days notice	9,996,033	9,996,809
FFCB	1.770%	11/14/2019	2/14/2022	02/14/2020	Callable quarterly with 5 days notice	14,992,833	14,987,942
FNMA	1.950%	10/28/2019	10/28/2022	4/28/2020	Callable anytime with 10 days notice	10,000,000	10,000,643
FNMA	1.950%	10/29/2019	10/28/2022	4/28/2020	Callable anytime with 10 days notice	9,996,732	10,000,643
TOTAL						<u>\$ 119,976,443</u>	<u>\$ 119,967,715</u>

Abbreviations:

FAMCA	Federal Agricultural Mortgage Corp
FHLB	Federal Home Loan Bank
FHLMC	Federal Home Loan Mortgage Corporation
FFCB	Federal Farm Credit Bank
FNMA	Federal National Mortgage Association

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. As of December 31, 2019, the Authority had no foreign currency risk.

3. RECEIVABLES

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

	2019
Trade receivables	\$ 14,933,588
Damage claims receivable	117,360
Accrued revenues	* 19,397,897
	34,448,845
Net of allowance for uncollectibles	(5,816)
Receivables, net	34,443,029
Less: Non-current account receivable- capital recovery lease provision	* (1,173,654)
Current account receivable	\$ 33,269,375

* Accrued revenues of \$4,294,616 were recorded in 2019 for lease provisions that will be billed in future years and are further explained in Note 7 of the Notes to the Financial Statements.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Transfers and Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 117,521,032	\$ -	\$ -	\$ 117,521,032
Channel and waterfront improvements	58,208,698	219,388	-	58,428,086
Intangibles	387,429	-	-	387,429
Construction in progress	223,939,253	125,880,454	-	349,819,707
Total capital assets, not being depreciated	400,056,412	126,099,842	-	526,156,254
Capital assets, being depreciated:				
Port facilities	294,241,862	8,609,020	82,213	302,768,669
Buildings and improvements	94,657,675	5,036,408	479,153	99,214,930
Machinery and equipment	48,235,510	1,919,686	391,164	49,764,032
Intangibles	2,680,263	201,574	-	2,881,837
Total capital assets, being depreciated	439,815,310	15,766,688	952,530	454,629,468
Less: accumulated depreciation for				
Port facilities	144,014,254	8,460,000	81,576	152,392,678
Buildings and improvements	47,860,080	3,457,183	479,154	50,838,109
Machinery and equipment	34,934,249	2,676,640	391,164	37,219,725
Intangibles	2,617,994	67,677	-	2,685,671
Total accumulated depreciation	229,426,577	14,661,500	951,894	243,136,183
Total capital assets, being depreciated, net	210,388,733	1,105,188	636	211,493,285
Total capital assets, net	\$ 610,445,145	\$ 127,205,030	\$ 636	\$ 737,649,539

5. ESCROW AGREEMENT

Other Non-Current Assets includes a deposit of \$625,000, plus accrued interest, placed in escrow as part of a settlement agreement between nearby neighbors and one of the Port's lessees for a construction of a marine facility and processing plant in the Inner Harbor. The terms of the settlement agreement provide compensation to affected adjacent property owners, if construction is initiated on the subject project, in exchange for those parties not contesting the lessee's permit application with the Texas Commission on Environmental Quality (TCEQ). The original settlement was signed on May 26, 2015 and TCEQ issued a pre-construction air quality permit shortly thereafter. The Port purchased the settlement agreement from the original lessee for \$627,941 in 2019 and considers it an asset running concurrent with the property. If construction on the property begins in 2020 then the money will be released to the other parties to the agreement as intended; if no construction occurs before the expiration of the TCEQ permit, then the Port will be refunded the money. Management reviews any deposits for impairment on an annual basis. At December 31, 2019, there was no reduction of the recorded deposit because construction had not yet commenced.

6. LEASES

OPERATING LEASES

The Authority leases to others certain land and improvements, and these leases are classified as operating leases. As of December 31, 2019, minimum lease payments under these operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

Years Ending	
2020	\$ 19,421,007
2021	15,895,580
2022	12,654,712
2023	11,584,926
2024	11,528,968
Thereafter	134,020,140
Total	\$ 205,105,333

7. NON-CURRENT LIABILITIES

LONG-TERM DEBT

On May 27, 2015, the Authority issued revenue bonds, Series 2015 (Taxable), in the amount of \$115,000,000 to pay costs of projects to acquire land and to acquire, purchase, construct, enlarge, extend, repair or develop facilities or aids incident to or useful or necessary in the operation or development of the Authority's ports and waterways or in aid or navigation and commerce. The source of repayment, as defined by the bond resolutions, includes pledged revenues from the operation of Port Facilities after the deduction of maintenance and operating expenses other than those related to depreciation or the interest expense on the bonds. Interest is payable on June 1 and December 1 of each year.

On August 8, 2018, the Authority issued senior lien revenue bonds, Series 2018A (Non-AMT) in the amount of \$92,530,000 to pay a portion of the costs of the construction, acquisition, and equipping of the Corpus Christi Ship Channel Project (main channel deepening and widening and barge lane separable elements), and Series 2018B (Taxable) in the amount of \$115,000,000 to pay the costs of the acquisition, design, construction, reconstruction, repair, rehabilitation, improvement and equipping of Port Facilities contained in the Authority's capital improvement program, including the acquisition of land for authorized Authority purposes and construction of the Corpus Christi Ship Channel Project. Certain proceeds of the Bonds were used to pay the costs of issuing the bonds and establishing the Debt Service Reserve Account as defined by the bond resolutions. The source of repayment, includes the Net Operating Revenues as defined in the Master Resolution, however the lien and pledge securing these bonds shall be junior and subordinate to the lien on and pledge of Net Operating Revenues made for the security and payment of the Prior Lien Bonds and the deposits required by the Prior Lien Resolution to the Prior Lien Interest and Sinking Fund and the Prior Lien Reserve Fund while the Prior Lien Bonds are outstanding. Interest is payable June 1 and December 1 of each year.

Total interest expense for the year ended December 31, 2019 was \$12,921,980.

At December 31, 2019, revenue bonds currently outstanding are as follows:

	Interest Rate%	Issue Date	Maturity Date	Outstanding
Revenue Bonds, Series 2015 (Taxable)	7.9-4.6	05/01/2015	12/01/2035	97,265,000
Senior Lien Revenue Bonds, Series 2018A (non-AMT)	4-5	08/01/2018	12/01/2048	92,530,000
Senior Lien Revenue Bonds, Series 2018B (Taxable)	2.9-5	08/01/2018	12/01/2048	115,000,000
Total				304,795,000

A statement of changes in long-term debt for the year ended December 31, 2019, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds	\$ 309,325,000	\$ -	\$ 4,530,000	\$ 304,795,000	\$ 6,635,000
Bond premium	17,117,024	-	873,413	16,243,611	873,228
Total	\$ 326,442,024	\$ -	\$ 5,403,413	\$ 321,038,611	\$ 7,508,228

Total debt service requirements as of December 31, 2019, are as follows:

Years Ending	Principal	Interest	Total
2020	\$ 6,635,000	\$ 13,701,629	\$ 20,336,629
2021	8,580,000	13,522,008	22,102,008
2022	8,870,000	13,235,090	22,105,090
2023	9,175,000	12,923,721	22,098,721
2024	9,510,000	12,591,340	22,101,340
Thereafter	262,025,000	157,920,139	419,945,139
Total	\$ 304,795,000	\$ 223,893,927	\$ 528,688,927

UNEARNED REVENUES

The Authority receives advance payments for operating lease contracts and revenues will be recorded over the terms of these agreements as follows:

Years Ending	Operating Leases
2020	\$ 12,357,313
2021	4,208,914
2022	4,198,066
2023	4,095,451
2024	3,970,284
Thereafter	34,780,076
Total	\$ 63,610,104

The Authority entered into a lease agreement with a tenant in 2017 that contains a provision for the preferential rights to use an Authority dock for a period of six years, however this provision is billable over five years. A receivable has been recorded for the remaining two years and unearned revenue will be recognized over the term of the preferential rights to use the dock.

The Authority entered into a lease agreement with a tenant in 2016 that contains provisions for partial recovery of the costs of building a dock and exclusive use of that dock. In compliance with GASB Statement No. 62, the substantial investment by the tenant reasonably assures the Authority that the lease will continue over the initial term and all options and requires accounting for these lease provisions over the extended lease term of 25 years. The capital recovery provision is billable over a four-year period beginning in 2017 and a receivable

has been recorded for the unbilled portion of the lease provision for this. Both lease provisions are recorded as unearned revenue to be recognized over the term of the lease.

UNEARNED CAPITAL LEASE

The Authority entered into a lease agreement with Gulf Compress. Under the terms of the lease, Gulf Compress constructed 550,000 square feet of cotton warehouses on property owned by the Port at the proposed site of the La Quinta Container Terminal Facility. On January 21, 2005, the cotton warehouses were completed, and ownership was transferred to the Authority in consideration of a thirty-year prepaid lease. Prepaid lease rentals will be amortized over the lease term as follows:

Years Ending	
2020	\$ 457,040
2021	457,040
2022	457,040
2023	457,040
2024	457,040
Thereafter	4,547,885
Total	\$ 6,833,085

COMPENSATED ABSENCES

A statement of changes in compensated absences for the year ended December 31, 2019, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Vacation	\$ 1,494,291	\$ 1,029,170	\$ 1,074,612	\$ 1,448,849	\$ 1,074,612
Sick leave	2,827,361	208,883	758,326	2,277,918	758,326
Total	\$ 4,321,652	\$ 1,238,053	\$ 1,832,938	\$ 3,726,767	\$ 1,832,938

8. PENSION PLAN

Plan Description

The Authority provides pension, disability, and death benefits for all its full-time employees through a nontraditional defined benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS). This is accounted for as an agent multiple employee defined benefit pension plan. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 781 defined benefit pension plans which function similarly to cash balance-account plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at Barton Oaks Plaza IV, Suite 500, 901 South MoPac Expressway, Austin, Texas 78746 or is available on their website at www.tcdrs.org.

Benefits Provided

The plan provisions are adopted by the governing body of the Authority, within the options available in the state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 5 or more years of service or with 30 years regardless of age or when the sum of their age and years of service equals 75 or more. Members are vested after 5 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the Authority within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. By law, employee accounts earn 7% interest. At retirement, death, or disability, the benefit is calculated by converting the sum of the

employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. At retirement, the employee's account is matched at a percentage adopted by the Authority's governing body and the current match is 125%. There are no automatic post-employment benefit changes, including automatic cost-of-living adjustments. Ad hoc post-employment benefit changes, including cost-of-living adjustments can be granted by the governing body of the Authority within guidelines of the TCDRS.

Contributions

The Authority has elected the Annually Determined Contribution Rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the Authority is actuarially determined annually as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

The actuarially determined rate for the calendar year 2019 was 4.03 percent, however the governing body of the Authority adopted the rate of 7 percent for calendar year 2019. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act. Employee and Authority contributions were \$1,259,909 and \$1,259,909, respectively for the year ended December 31, 2019.

Employees Covered by Benefit Terms

At the measurement date, the following employees were covered by the benefit terms:

	December 31, 2018
Retirees or beneficiaries currently receiving benefits	113
Inactive employees entitled to but not yet receiving benefits	64
Active employees	218
	395

Actuarial Assumptions

The actuarial assumptions that determined the total net pension liability as of December 31, 2019 was based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB Statement 68.

The actuarial valuations were determined using the following actuarial assumptions:

Actuarial Valuation Date	<u>December 31, 2018</u>
Actuarial Cost Method	Individual Entry Age Normal
Long-term Investment Rate of Return	8.10%
Discount Rate	8.10%
Inflation Rate	2.75%
Projected Salary Increase Rates:	
General Wage Inflation	3.25%
Merit, Promotion, Longevity	<u>1.60%</u>
Total Projected Salary Increase Rate	4.85%
Cost-of-Living Adjustment	0%
Retirement Age	Experience-based table with rates of retirement ranging from 4.5% at ages 40-44 to 22% at age 74; for all eligible members ages 75 and older, retirement is assumed to occur immediately
Disability	Experience-based table with rates of disability ranging from .008% at age 28 to .27% at age 59; members who become disabled are eligible to commence benefit payments regardless of age
Mortality-for the actuarial valuation:	
Depositing members	90% of the RP-2014 Active Mortality Table, projected with 110% of the MP-2014 Ultimate scale after 2014
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014

Discount Rate

The discount rate used to determine the total pension liability as of December 31, 2019 was 8.10%. The discount rate was determined using an alternative method to determine the sufficiency of the fiduciary net position in all future years. This method reflects the funding requirements under the Authority's funding policy and the legal requirements under the TCDRS Act as follows:

2. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20 year closed layered periods.
3. Under the TCDRS Act, the Authority is legally required to make the contribution specified in the funding policy.
4. The Authority's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the Authority is still required to contribute at least the normal cost.
5. Any increased cost due to the adoption of a cost-of living adjustment is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position was determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system the fiduciary net position as a percentage of total pension liability is expected to increase from its current level in future years. Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the Authority is equal to the long-term assumed rate of return on investments of 8.10% for both years presented.

Discount Rate Sensitivity Analysis

The following presents the net pension liability of the Authority, calculated using the discount rate of 8.10%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.10%) or one percentage point higher (9.10%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	7.10%	8.10%	9.10%
Net pension liability/ (asset)	\$ 8,362,675	\$ 2,076,256	\$ (3,334,801)

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are based on January, 2019 information for a ten-year time horizon. The valuation assumption for long-term expected return is re-assessed a minimum of every four years, and is set based on a 30-year time horizon, the most recent analysis was performed in 2017.

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
U.S. Equities	Dow Jones U.S. Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
International Equities- Developed Markets	MSCI World Ex USA (net)	10.00%	5.40%
International Equities- Emerging Markets	MSCI EM Standard (net) Index	7.00%	5.90%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities Index (4)	2.00%	7.20%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships	Alerian MLP Index	3.00%	5.35%
Private Real Estate			
Partnerships	Cambridge Associates Real Estate Index (5)	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	13.00%	3.90%

(1) Target Asset Allocation was adopted at the April, 2019 TCDRS Board meeting

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.70%, per Cliffwater's 2019 capital market assumptions

(3) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

(5) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

Net Pension Liability

The Net Pension Liability is the difference between the Total Pension Liability and the plan's Fiduciary Net Position. For the year ended December 31, 2019, the Authority's Net Pension Liability was measured as of December 31, 2018, and the Total Pension Liability was determined by an actuarial valuation as of that date.

The changes in net pension liability for the measurement date of December 31, 2018 based on the actuarial date of December 31, 2018 is reflected below:

Changes in Net Pension Liability/ (Asset)	Increase (Decrease)		Net Position Liability (Asset)
	Total Pension Liability	Fiduciary Net Position	
Balances as of December 31, 2017	\$ 52,412,941	\$ 55,281,256	\$ (2,868,315)
Changes for the Year:			
Service cost	1,706,000	-	1,706,000
Interest on total pension liability(1)	4,286,314	-	4,286,314
Effect of economic/demographic gains or losses	168,127	-	168,127
Refund of contributions	(147,689)	(147,689)	-
Benefit payments	(2,302,993)	(2,302,993)	-
Administrative expenses	-	(43,410)	43,410
Member contributions	-	1,145,090	(1,145,090)
Net investment income	-	(1,031,672)	1,031,672
Employer contributions	-	1,145,090	(1,145,090)
Other(3)	-	772	(772)
Balances as of December 31, 2018	\$ 56,122,700	\$ 54,046,444	\$ 2,076,256

(1) Reflects the change in the liability due to the time value of money

(2) No plan changes valued

(3) Relates to allocation of system-wide items

For the year ended December 31, 2019, the Authority recognized pension expense as follows:

	January 1, 2018 to December 31, 2018
Service cost	\$ 1,706,000
Interest on total pension liability	4,286,314
Administrative expenses	43,410
Member contributions	(1,145,090)
Expected investment return net of investment expenses	(4,469,714)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(39,443)
Recognition of assumption changes or inputs	110,390
Recognition of investment gains or losses	1,508,135
Other (allocated system-wide items)	(772)
Pension expense	\$ 1,999,230

For the year ended December 31, 2019, the Authority recorded deferred outflows and inflows of resources related to the pension as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 229,604	\$ 493,527
Changes of assumptions	291,833	-
Net difference between projected and actual earnings	3,484,245	-
Contributions made subsequent to measurement date	1,259,909	-
Totals	\$ 5,265,591	\$ 493,527

Deferred inflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$1,259,909 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2019 (i.e. recognized in the Authority's financial statements December 31, 2020). Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:)

Year ended December 31:	
2019	\$ 1,453,112
2020	508,074
2021	406,747
2022	1,144,222
Total	\$ 3,512,155

9. OTHER POST EMPLOYMENT BENEFITS (OPEB)

GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB) replaces previous authoritative literature. For plans that do not have formal trusts, GASB Statement No. 75 requires state and local government employers to recognize the total OPEB liability and the related OPEB expense on their financial statements along with the related deferred outflows and inflows of resources. In addition to the deferred outflows/inflows associated with plan experience and assumption changes, the standard requires the benefits payments and administrative costs incurred subsequent to the measurement date and before the end of the employer's reporting period to be reported as a deferred outflow of resources. The Authority is required to obtain an actuarial valuation at least once every two years in accordance with GASB 75 standards. The Authority's latest valuation is dated as of January 1, 2019 with the measurement date of December 31, 2019. There have been no significant changes between the valuation date and the measurement date.

Plan Description

The Authority has a single-employer plan and provides postretirement healthcare benefits to eligible retired employees and their spouses through provisions enacted by the authority of the Port Commission. At December 31, 2019, seven former employees were eligible for these benefits. The Authority funds a portion of the premiums for health insurance. Continuation of these benefits and the Authority's contributions are dependent on periodic authorization by the Port Commission. The health insurance benefits provided to retirees are the same as those offered to active employees. The supplied benefits include hospital, doctor, dental and prescription drug charges.

Employees, who have reached age 62, may continue coverage under the Authority's healthcare plan as a retiree until the age of 65. The Authority does not cover benefits after Medicare eligibility. Coverage is offered to spouses of retirees who are currently receiving benefits and spousal coverage ceases upon the retiree's attainment of age 65. Medical coverage is not available in the event of disability prior to eligibility for retirement.

The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to fund the plan. The OPEB plan does not issue stand-alone financial reports, but includes the Net OPEB Liability in the noncurrent liabilities section of the Statement of Net Position.

Funding Policy

The Authority's contribution to the plan consists of pay-as-you-go claims in excess of the retiree contributions for the year. Retiree's contributions are based on same rates paid by active employees dependent upon coverage levels selected. For the year ended December 31, 2019 retirees contributed \$5,341 for healthcare benefits under the plan and the Authority contributed \$48,981 which is the claims paid in excess of the premiums collected from the retirees.

Employees Covered by Benefit Terms

At the valuation date, the following employees were covered by the benefit terms:

	January 1, 2019
Active employees	212
Retirees or beneficiaries currently receiving benefits	7
Spouses of retirees	3
	<u>222</u>

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB No. 75:

Actuarial Valuation Date	January 1, 2019	
Valuation Timing	The valuation is performed at January 1, 2019 with measurements date December 31, 2018 and December 31, 2019	
	December 31, 2018	December 31, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Discount Rate(1)	4.10%	2.74%
Inflation	2.30%	2.20%
Coverage Assumptions	100% of active eligible employees are assumed to continue coverage at retirement	
Marriage Assumptions	85% of employees and retirees are assumed to have a covered spouse in retirement	
Medical Inflation	Dental assumptions range from 4.7% in year 2019, dropping to 3.7% in years 2075-2100 Medical/pharmacy assumptions range from 5.9% in 2019, dropping to 3.8% in the years 2074-2100	
Mortality	Sex Distinct RP-2000 Mortality as projected forward with Scale AA	
Retirement Rates	Experience-based table with rates of retirement ranging from 4.5% at ages 40-44 to 22% at age 74; at age 75 retirement is assumed to occur immediately	
Projected Salary Increase Rates	Based on the 2018 TCDRS Report and range from 5.00% in the first year of service with entry age of <30 to .50% with 30+ years or more of service with entry age of 50+.	
Ad Hoc Post-employment		
Benefit Changes	None	

(1) The discount rate is based on the Bond Buyer's 20 year General Obligation Index immediately prior to or coincident with the measurement date.

Discount Rate

The Authority does not pre-fund benefits. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis, and therefore, the discount rate used to measure the total OPEB liability is the municipal bond rate. The discount rate used to measure the total OPEB liability as of the beginning of the measurement year was 4.10%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 2.74%, which amounted to a decrease of 1.36%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

Discount Rate Sensitivity Analysis

The following presents the total OPEB liability of the Authority, calculated using the discount rate of 2.74%, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.74%) or one percentage point higher (3.74%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	1.74%	2.74%	3.74%
Total OPEB liability	\$ 1,509,985	\$ 1,454,449	\$ 1,396,766

Healthcare Trend Rate Sensitivity Analysis

The following presents the total OPEB liability of the Authority, calculated using the current healthcare cost trend rates as well as what the Authority's total OPEB liability 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.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 1,613,042	\$ 1,454,449	\$ 1,318,308

Total OPEB Liability

	December 31, 2018	December 31, 2019
Total OPEB liability	\$ 1,755,845	\$ 1,454,449
Covered payroll	14,371,824	15,037,942
Total OPEB liability as a% of covered payroll	12.22%	9.67%

The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Authority's total OPEB liability.

Changes in Total OPEB Liability	Increase (Decrease) in Total OPEB Liability
Balances as of December 31, 2018	\$ 1,755,845
Changes for the Year:	
Service cost	135,123
Interest on total OPEB liability	76,536
Effect of economic/demographic gains or losses	(108,817)
Effect of assumptions changes or inputs	(355,257)
Benefit payments	(48,981)
Balances as of December 31, 2019	\$ 1,454,449

For the year ended December 31, 2019, the Authority recognized OPEB expense as follows:

	January 1, 2019 to December 31, 2019
Service cost	\$ 135,123
Interest on total OPEB liability	76,536
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(21,763)
Recognition of assumption changes or inputs	(81,040)
OPEB expense	\$ 108,856

For the year ended December 31, 2019, the Authority recorded deferred outflows and inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 87,054
Changes in actuarial assumptions	-	312,177
Total	\$ -	\$ 399,231

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Year ended December 31:	
2020	\$ (102,803)
2021	(102,803)
2022	(100,807)
2023	(92,818)
Total	\$ (399,231)

10. CONSTRUCTION AND IMPROVEMENT COMMITMENTS

At December 31, 2019, the Authority had remaining unpaid contractual construction and improvement commitments of approximately \$34,868,552. These commitments are being financed through operating revenues, bond proceeds, and capital grants.

11. COMMITMENTS AND CONTINGENCIES

LITIGATION

From time to time, the Authority is subject to routine litigation incidental to its operations. Management believes that the results of any claims or litigation will not materially affect the Authority's financial position, except that it cannot reach a conclusion at this time regarding the matters described below.

The Authority has ongoing infringement litigation against a former Port Commissioner who registered the name "Port of Corpus Christi, LP", to enjoin them from the use of the Authority's name. In response to the Authority's claim, the "Port of Corpus Christi, LP", filed several counterclaims against the Authority claiming damages in excess of \$250,000,000. The Authority does not believe these counterclaims have merit. In fact, the Authority has asserted its right to sovereign immunity against all counterclaims – and the Nueces County Court at Law trial judge has ruled in favor of the Authority's assertion of sovereign immunity. Specifically, the trial judge dismissed all alleged counterclaims with prejudice, and all the "Port of Corpus Christi LP" counterclaims are now on appeal. The Authority's infringement case remains before the trial court in Nueces County but is stayed until such time as the pending appeal is concluded.

The "Port of Corpus Christi LP" and affiliate 361 Holdings LLC filed a lawsuit in San Patricio County, Texas, against the Authority alleging past and future damage to their neighboring tracts of land and are seeking an injunction and damages in excess of \$1,000,000. In this lawsuit, the Authority – again – asserted its right to sovereign immunity. The trial judge agreed that the Authority has immunity and dismissed all of Port of Corpus Christi LP's and 361 Holdings LLC's claims with prejudice. This matter is on appeal. The Authority does not intend to pay any compensation to claimants in this case, but rather intends to vigorously contest the claims.

The Authority has ongoing litigation against the City of Port Aransas in Nueces County, Texas. The Authority filed this declaratory judgment action and is requesting a judicial determination of whether Port Aransas' Resolution No. 2019-18, Emergency Ordinance No. 2019-09, and other similar actions by the City of Port Aransas are valid or enforceable (as against the Port of Corpus Christi and its Harbor Island re-development). By the filing of this legal action, the Authority is seeking the Court's intervention into disputes between the parties to assure that the Authority's re-development of its Harbor Island project is not delayed by any City of Port Aransas action. The trial judge has agreed with the Authority that the trial court enjoys jurisdiction to consider this dispute, but the City of Port Aransas contends the trial court is without jurisdiction. The trial court's ruling in favor of Authority on these jurisdictional issues is on appeal. The Authority seeks only injunctive relief (no party seeks any compensatory or other legal damages from the other in this legal proceeding).

The City of Port Aransas filed a declaratory judgement action against the Authority in Nueces County, Texas, and is requesting a judicial determination of whether the City of Port Aransas' lease agreement with the Authority for the property on which their City Marina resides terminated because of its (the City's) own actions. The City of Port Aransas' pleading also seeks other advisory opinions from the court about what other measures the City of Port Aransas may pursue to limit re-development of Harbor Island, without also terminating their lease agreement for the marina with the Authority. This matter remains pending before the trial court. The City of Port Aransas seeks only injunctive relief (no party seeks any compensatory or other legal damages from the other in this legal proceeding).

RISK MANAGEMENT

The Authority has a combined risk financing approach using both risk transfer and risk retention in order to appropriately manage risk in accordance with financial and operational goals. The Authority retains a maximum \$4,000,000 retention on the property insurance program with primary limits of \$25 million and excess limits of \$75 million for a combined limit of \$100 million. In order to manage liability loss exposures, various liability policies are purchased which include employment practices liability, property damage and bodily injury, law enforcement, cyber, and foreign liability. The Authority has established a self-funded health and dental plan (plan) for its employees and dependents. A specific stop loss policy is in force for individual plan claims in excess

of \$100,000 annually, and an aggregate stop loss policy is in force for annual aggregate claims in excess of approximately \$4,845,463. The Authority is covered for workers' compensation claims through Texas Mutual Insurance. Prior to 2005, the Authority was self-insured for workers' compensation and estimated remaining workers' compensation claims are reflected below. The Authority has made no significant changes in its insurance coverage from coverage in the prior year. In the past three years the Authority has had no settlements that exceeded insurance coverage.

A liability for unpaid claims is reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. The Authority's liability is an estimate and includes an amount for claims that have been incurred but not reported (IBNR). The methodology used to determine the liability is based on recent claim settlement trends, including frequency and number of payouts, and other factors such as inflation, changes in legal doctrines and damage awards. At December 31, 2019, the liability of \$532,778 is comprised of estimated health claims of \$516,086 and estimated worker's compensation claims of \$16,692.

Changes in the balances of claims liabilities as of December 31, 2019 and 2018 are as follows:

	2019	2018
Unpaid claims, beginning of fiscal year	\$ 325,263	\$ 275,507
Incurred claims (including IBNRs)	4,106,257	3,577,784
Claim payments	(3,898,742)	(3,528,028)
Unpaid claims, end of fiscal year	\$ 532,778	\$ 325,263

FACILITIES FINANCING BONDS

The Authority and the Industrial Development Corporation (IDC) have entered into agreements with three unrelated entities to finance construction of pollution control, environmental, and solid waste disposal facilities. To accomplish this, the Authority and IDC acted as issuers of facilities financing revenue bonds in the original amount of \$442,400,000. The bonds are secured solely by the facilities and installment sales agreements, and the Authority and IDC assumed no current or future obligation for repayment of the bonds. The installment sales agreements were entered into with the entities for an amount equal to the outstanding bonds to secure repayment. The proceeds of the bonds were received and used by the entities and are repaid when due directly by the entities. At December 31, 2019, facilities financing revenue bonds outstanding amounted to \$422,500,000.

HARBOR BRIDGE REPLACEMENT AND HILLCREST NEIGHBORHOOD RELOCATION

On August 8, 2016, groundbreaking for the U.S. 181 Harbor Bridge Replacement took place. The new bridge will be the longest precast cable-stayed span in the United States, and the third largest of its kind in the world. The clearance of the existing bridge is 138 feet and prevents larger ships from accessing the port. The new bridge will have a clearance of 205 feet, and will allow some of the world's largest ocean-going vessels entrance into the Inner Harbor of the Port of Corpus Christi. The new bridge is scheduled to be completed in 2021 and in addition to state and federal funding, local funding is being provided by the Authority, Nueces County, and San Patricio County. The Authority entered into a Local Project Advance Funding Agreement with the Texas Department of Transportation in 2015 to provide funding in the amount of \$15 million. This contribution is being paid over a five year period in equal installments, and the Authority made the final payment in 2019.

The plans for the new bridge will require a more gradual incline for the increased clearance and greatly impacts the residents and business owners of the predominantly minority Hillcrest neighborhood. The Federal Highway Administration (FHWA) and the Texas Department of Transportation (TxDOT) entered into a Voluntary Resolution Agreement to propose Title VI mitigation actions for the U.S. Highway 181 Harbor Bridge Replacement improvements to ensure the affected minority persons in the Hillcrest and Washington-Coles neighborhoods do not bear disproportionately adverse health or environmental effects as a result of the project. As the recipient of Federal-Aid Highway funds from FHWA, TxDOT is solely responsible for effectuating the actions in the agreement, and will provide with assistance for residential and business displacements and to work with the persons displaced to find decent, safe and sanitary dwellings in the resident's preferred locations through a Voluntary Acquisition and Relocation Benefits Program.

TxDOT has entered into a separate agreement with the Authority, the Corpus Christi Housing Authority of Nueces County, and the City of Corpus Christi for purposes of implementing the Voluntary Acquisition and Relocation Benefits Program. Under this agreement, the Authority will incur Acquisition Costs in carrying out the Voluntary Acquisition Plan and Relocation Program not to exceed \$20 million in eligible costs under the program. The Acquisition Costs have

been defined to include paying the acquisition and relocation service provider, purchasing neighborhood property, purchasing any other real property required under the Voluntary Acquisition Program, providing relocation benefits and moving expenses to eligible displaced owners and tenants of owner occupied property, eligible displaced tenants of residential rental property, and eligible displaced businesses, providing relocation benefits and moving expenses to any other person or business in the neighborhood that is required under the Relocation Benefits Program, and demolishing dwellings and facilities acquired under the plan. All properties to be purchased will require an approved appraisal and transfer of the property with clear title will be conveyed to the Authority. Under the Voluntary Acquisition Plan, the sellers must have continuously owned the property from January 1, 2016 to the date of sale and have three years ending in May 2019 to accept any offers of sale. As of December 31, 2019, 390 parcels met the program eligibility, 281 parcels were acquired, 37 parcels declined an acquisition offer, and the remaining 72 parcels were in various stages of the program process. Program acquisitions are expected to be complete by August 2020 and demolitions are expected to be complete by December 2020. Program participants have a year after relocation to submit for reimbursement of eligible relocation expenses. It is anticipated that the Authority will continue to incur program expenses into 2021.

As of December 31, 2019, since the inception of the program, the Authority has incurred \$42,461,606 in property acquisition related costs and cumulative operational costs of the program in the amount of \$6,476,519. As the Authority has incurred expenditures in excess of \$20 million for the purposes above, TxDOT is reimbursing the Authority for the excess acquisition costs. As of December 31, 2019, the Authority has received or is in the process of billing \$28,799,491 for these eligible excess costs. In the year ended December 31, 2019, the Authority incurred \$1,517,492 in operational costs of the program and recognized \$14,037,941 in program related reimbursements from TxDot.

12. HURRICANE HARVEY

Hurricane Harvey, a category 4 hurricane made landfall on the Texas gulf coast on August 25, 2017 and caused extensive damage to the coastal area north of Corpus Christi. In addition, the Corpus Christi Ship Channel was closed to all vessel traffic for a record six days until the United States Coast Guard approved the opening on August 31. As a result, certain Authority assets were destroyed, and other assets require restoration efforts to restore their service utility. Insurance proceeds net of deductibles have been received as follows:

	2017	2018	2019	Totals
Real property	\$ 100,000	\$ (7,805)	\$ 958,252	\$ 1,050,447
Preparedness and emergency repairs	59,882	37,815	579,866	677,563
Professional fees	2,508	133,727	(1,154)	135,081
Business income	901,695	-	-	901,695
Other costs	202,204	-	-	202,204
Total insurance proceeds	\$ 1,266,289	\$ 163,737	\$ 1,536,964	\$ 2,966,990

In addition to insurance proceeds, the Authority pursued funding sources, primarily grants through the Robert T. Stafford Disaster Relief and Emergency Act, both the Public Assistance Program and the Hazard Mitigation Grant Program administered through the Federal Emergency Management Agency (FEMA). The Public Assistance Program is a reimbursement program for eligible storm related repairs. The Hazard Mitigation Grant Program is a reimbursement program to cover any sustainable action taken to reduce or eliminate long-term risk to people and property from future disasters. The federal cost share for both programs is 90% for all categories of work except emergency protective measures which is 100%. In addition, direct administrative costs such as the Authority's personnel time spent, temporary employee support and grant management consulting services can be requested for 5% of the total reimbursement costs.

The Authority has identified 28 projects that will be pursued for assistance from FEMA. The current repair, restoration, and mitigation estimate is \$10,839,867, and the majority of the funding sought was for shoreline restoration, while the remainder was for minor damages to buildings, security equipment, and fencing and for debris removal and emergency preparedness costs. The Authority owns miles of shoreline that is subject to normal erosion from tidal surges and vessel traffic. The shorelines were damaged, but not significantly as to impair service utility, and the Authority is seeking to mitigate future damages by seeking FEMA funding available for this purpose. Construction on these projects is pending completion of the ship channel deepening project, currently underway. Thirteen of the 28 projects have been obligated by FEMA and funding continues to be disbursed.

PENSION PLAN:

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018
<u>TOTAL PENSION LIABILITY</u>					
Service Cost	\$ 1,020,446	\$ 1,261,508	\$ 1,646,309	\$ 1,583,238	\$ 1,706,000
Interest on Total Pension Liability	3,162,730	3,506,024	3,737,072	4,007,179	4,286,314
Effect of Plan Changes	2,280,346	(209,318)	-	60,522	-
Effect of Assumption Changes/Inputs	-	449,183	-	213,158	-
Effect of Economic/Demographic (Gains) or Losses	570,613	(217,150)	(640,607)	(151,261)	168,127
Benefit Payments/Contribution Refunds	(1,854,244)	(1,975,611)	(2,043,433)	(2,330,624)	(2,450,682)
Net Change in Total Pension Liability	5,179,891	2,814,636	2,699,341	3,382,212	3,709,759
Total Pension Liability, Beginning	38,336,862	43,516,753	46,331,389	49,030,729	52,412,941
Total Pension Liability, Ending	\$ 43,516,753	\$ 46,331,389	\$ 49,030,730	\$ 52,412,941	\$ 56,122,700
<u>FIDUCIARY NET POSITION</u>					
Employer Contributions	\$ 827,147	\$ 979,505	\$ 996,832	\$ 1,068,177	\$ 1,145,090
Member Contributions	827,147	979,505	996,832	1,068,177	1,145,090
Investment Income Net of Investment Expenses	2,888,058	(508,400)	3,346,977	7,068,420	(1,031,672)
Benefit Payments/Contribution Refunds	(1,854,244)	(1,975,611)	(2,043,433)	(2,330,624)	(2,450,682)
Administrative Expenses	(34,241)	(32,747)	(36,388)	(36,764)	(43,410)
Other	19,158	44,753	(87,598)	(2,950)	772
Net Change in Fiduciary Net Position	2,673,025	(512,995)	3,173,222	6,834,436	(1,234,812)
Fiduciary Net Position, Beginning	43,113,568	45,786,593	45,273,598	48,446,820	55,281,256
Fiduciary Net Position, Ending	\$ 45,786,593	\$ 45,273,598	\$ 48,446,820	\$ 55,281,256	\$ 54,046,444
Net Pension Liability (Asset)	\$ (2,269,840)	\$ 1,057,791	\$ 583,910	\$ (2,868,315)	\$ 2,076,256
Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)	105.22%	97.72%	98.81%	105.47%	96.30%
Annual Covered Payroll	\$ 11,816,386	\$ 13,992,927	\$ 14,240,162	\$ 15,259,672	\$ 16,358,433
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(19.2%)	7.56%	4.10%	(18.8%)	(12.7%)

<u>PENSION PLAN:</u>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 959,095	\$ 771,971	\$ 831,354	\$ 400,446	\$ 405,302	\$ 787,802	\$ 710,599	\$ 650,062	\$ 727,950	\$ 725,348
Actual Employer Contributions	1,302,474	1,158,484	6,508,045	791,841	827,147	979,505	996,832	1,068,177	1,145,090	1,259,909
Contribution Deficiency (Excess)	(343,379)	(386,513)	(5,676,691)	(391,395)	(421,845)	(191,703)	(286,233)	(418,115)	(417,140)	(534,561)
Annual Covered Payroll	11,840,675	10,531,666	10,982,221	11,312,022	11,816,386	13,992,927	14,240,462	15,259,672	16,358,433	17,998,705
Contribution as a Percentage of Covered Payroll	11.00%	11.00%	59.26%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%

NOTES TO SCHEDULE:

Valuation date: 12/31/2018

Actuarial determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are recorded.

Methods and Assumptions Used to Determine Contribution Rate for 2019:

Actuarial Cost Method	Entry age normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	1.3 years (based on contribution rate calculated in 12/31/2018 valuation)
Asset Valuation Method	5 year smoothed market
Inflation	2.75%
Salary Increases	4.9% average over career including inflation
Investment Rate of Return	8% net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.

Mortality (both projected with

110% of the MP-2014 Ultimate Scale after 2014)	130% of the RP-2014 Healthy Annuitant Mortality Table for males 110% of the RP-2014 Healthy Annuitant Mortality Table for females
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected 2017: New mortality assumptions were reflected
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: Employer contributions reflect that the current service matching rate was increased to 125% 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017

TOTAL OPEB LIABILITY:

	Year Ending December 31, 2018	Year Ending December 31, 2019
<u>TOTAL OPEB LIABILITY</u>		
Service Cost	\$ 112,650	\$ 135,123
Interest on Total OPEB Liability	61,055	76,536
Effect of Assumption Changes/Inputs	(47,949)	(355,257)
Effect of Economic/Demographic (Gains) or Losses	-	(108,817)
Benefit Payments	(63,710)	(48,981)
Net Change in Total OPEB Liability	62,046	(301,396)
Total OPEB Liability, Beginning	1,693,799	1,755,845
Total OPEB Liability, Ending	\$ 1,755,845	\$ 1,454,449
Annual Covered Payroll	\$ 14,371,824	\$ 15,037,942
Total OPEB Liability as a Percentage of Covered Payroll	12.22%	9.67%

Notes to Schedule

Change of Assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

2017	3.44%
2018	4.10%
2019	2.74%

The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to fund the plan, and therefore no assets have been accumulated.

SUPPLEMENTAL SCHEDULES



» The Port of Corpus Christi is a Strategic Military Port and serves to meet the readiness of America's armed forces by ensuring the nation has the seaport capacity necessary to handle any contingency affecting national security. Here, the Port supports a military offloading at Cargo Dock 14.



	Actual	Budget	Variance (%)
OPERATING REVENUES:			
Wharfage	\$ 63,467,357	\$ 54,503,208	16
Dockage	17,676,236	14,698,562	20
Security fees	11,299,077	9,365,330	21
Freight handling	3,437,356	3,307,147	4
Rail Charges	3,426,169	2,332,000	47
Building and land rentals	21,566,430	18,369,343	17
Conference center services	1,903,112	2,434,663	(22)
FTZ user fees	247,000	237,000	4
Dredge placement fees	1,500	2,000,000	(100)
Other	3,681,585	2,446,394	50
Insurance proceeds, Hurricane Harvey	1,536,964	-	100
Total Operating Revenues	128,242,786	109,693,647	17
OPERATING EXPENSES:			
Maintenance and operations	27,804,966	26,990,408	(3)
General and administrative	31,328,255	29,079,446	(8)
Hurricane Harvey related repairs	2,361,711	-	(100)
Depreciation	14,661,500	16,273,211	10
Total Operating Expenses	76,156,432	72,343,065	(5)
Operating Income	52,086,354	37,350,582	39
NON-OPERATING REVENUES (EXPENSES):			
Investment income	7,974,561	5,513,950	45
Federal and other grant assistance	877,920	-	100
Interest expense and fiscal charges	(13,002,641)	(13,795,392)	6
Contributions from Harbor Bridge Project	14,037,941	15,434,400	(9)
Contributions to Harbor Bridge Project	(1,517,492)	(1,543,440)	2
Contributions to other governmental agencies	(3,000,000)	(3,000,000)	0
Loss on disposal of assets	(636)	-	(100)
Net Non-Operating Revenues	5,369,653	2,609,518	106
Income Before Capital Grants and Contributions	57,456,007	39,960,100	44
CAPITAL GRANTS AND CONTRIBUTIONS			
	2,536,407	-	100
Change in Net Position	\$ 59,992,414	\$ 39,960,100	50

	2019
MAINTENANCE AND OPERATIONS:	
Employee services	\$ 10,736,455
Maintenance	6,216,284
Utilities	917,987
Telephone	91,916
Insurance & claims	1,629,166
Professional services	3,297,467
Police expenses	55,740
Contracted services	2,578,594
Office and equipment rental	139,756
Operator and event expenses	1,667,343
Safety/Environmental	88,682
General	385,576
<i>Total Maintenance and Operations</i>	<u>\$ 27,804,966</u>
GENERAL AND ADMINISTRATIVE:	
Employee services	\$ 14,953,056
Maintenance	1,058,811
Utilities	159,358
Telephone	166,452
Insurance & claims	232,747
Professional services	9,870,787
Police expenses	1,039
Contracted services	247,068
Office and equipment rental	86,383
Administrative	3,897,281
Trade and sales development	301,445
Media advertising	221,857
Production	55,766
Safety/Environmental	67,510
General	8,695
<i>Total General and Administrative</i>	<u>\$ 31,328,255</u>

Description		Interest Rates	Issue Date	Series Maturity	Original Amount	Balance Outstanding
Environmental Facilities Revenue Bonds:						
Citgo Petroleum, Series 2003	*	8.250%	05/01/2003	2031	39,200,000	19,300,000
Citgo Petroleum, Series 2006	*	Variable	10/01/2006	2036	50,000,000	50,000,000
Citgo Petroleum, Series 2007	*	Variable	05/01/2007	2037	45,000,000	45,000,000
Citgo Petroleum, Series 2008	*	Variable	04/01/2008	2043	50,000,000	50,000,000
Solid Waste Disposal Revenue Bonds:						
Flint Hills Res., Series 2002A		Variable	10/01/2002	2029	125,000,000	125,000,000
Flint Hills Res., Series 2002B		Variable	10/01/2002	2029	11,700,000	11,700,000
Flint Hills Res., Series 2003		Variable	04/01/2003	2028	19,500,000	19,500,000
Flint Hills Res., Series 2005		Variable	03/01/2005	2030	25,000,000	25,000,000
Flint Hills Res., Series 2006		Variable	04/01/2006	2030	42,000,000	42,000,000
Flint Hills Res., Series 2007		Variable	10/01/2007	2032	35,000,000	35,000,000
Total					<u>\$ 442,400,000</u>	<u>\$ 422,500,000</u>

* - Issued by the Industrial Development Corporation (IDC)



STATISTICAL SECTION



» Port staff and commissioners celebrate the commencement of the Corpus Christi Ship Channel Improvement Project with a special ceremony attended by several U.S. elected officials.



Statistical Section

(Unaudited)

This part of the County's Comprehensive Annual Financial Reporting presents detailed information to enhance the understanding of the information in the financial statements, note disclosures, and required supplementary information and what the data indicates about the County's overall financial health.

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Sources: Unless otherwise noted, the information in these schedules is derived from the Authority's comprehensive annual financial reports and business records for the relevant years.

TABLE 1 (Unaudited)

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Changes in Net Position
Last Ten Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Operating revenues:										
Wharfage	\$ 26,567,587	\$ 27,410,252	\$ 31,293,692	\$ 35,688,217	\$ 42,288,896	\$ 45,779,919	\$ 42,337,275	\$ 46,948,820	\$ 50,487,100	\$ 63,467,357
Dockage	8,138,326	8,948,217	10,331,997	11,358,813	14,630,404	14,003,472	11,970,562	13,548,519	15,310,185	17,676,236
Security fees	6,170,288	6,319,747	6,528,526	7,325,584	6,460,860	6,673,782	6,070,139	6,686,343	9,014,385	11,299,077
Freight handling	2,316,667	2,387,583	2,191,682	2,815,582	3,133,303	3,153,285	3,463,593	3,892,661	4,033,418	3,437,356
Rail Charges	839,342	1,252,172	1,151,977	1,026,819	893,900	699,535	1,427,837	2,217,491	2,552,814	3,426,169
Building and land rentals	4,417,518	6,411,552	7,490,936	8,152,093	8,456,174	9,391,040	12,444,299	14,641,254	18,591,803	21,566,430
Conference center services	1,679,885	1,814,456	2,008,474	1,688,770	1,864,556	2,209,031	2,011,136	2,152,659	2,017,419	1,903,112
Warehouse handling charges	426,093	368,950	-	-	-	-	-	-	-	-
FTZ user fees	337,000	302,750	301,250	253,917	222,500	207,667	224,000	225,000	241,833	247,000
Dredge placement fees	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714	10,151,880	1,870,497	1,920,638	436,910	1,500
Other	1,390,425	2,107,663	1,170,509	1,004,387	2,539,138	1,152,244	1,202,624	2,041,419	2,930,524	3,681,585
Insurance proceeds, Hurricane Harvey	-	-	-	-	-	-	-	1,266,289	163,737	1,536,964
Total operating revenues	52,279,852	58,698,961	62,432,414	77,467,953	82,159,445	93,421,855	83,021,962	95,541,093	105,780,128	128,242,786
Investment income	478,291	467,494	163,804	283,544	341,754	518,374	1,184,692	2,417,838	4,807,322	7,974,561
Federal and other grant assistance	60,806	169,966	337,965	290,727	180,655	227,714	152,412	146,950	266,930	877,920
Contributions from Harbor Bridge	-	-	-	-	-	-	-	-	-	-
Commitment	-	-	-	-	-	-	-	-	14,761,550	14,037,941
Donation of personal property	225,825	4,500	-	-	-	-	-	-	-	-
Gain on disposal of assets	-	3,727,517	-	-	40,596	-	-	-	-	-
Total Revenues	53,044,774	63,068,438	62,934,183	78,042,224	82,722,450	94,167,943	84,359,066	98,105,881	125,615,930	151,133,208
Expenses										
Operating expenses:										
Maintenance and operations	20,248,511	22,760,814	22,721,681	18,144,056	23,367,865	21,470,411	21,435,640	21,066,636	24,934,261	27,804,966
General and administrative	14,939,210	13,830,284	17,835,428	15,378,025	15,891,293	19,469,477	20,715,616	23,263,150	25,435,988	31,328,255
Hurricane Harvey related repairs	-	-	-	-	-	-	-	233,054	963,247	2,361,711
Depreciation	12,165,114	13,381,562	13,738,571	12,024,981	12,310,557	12,822,653	13,140,057	13,377,640	14,149,761	14,661,500
Total operating expenses	47,352,835	49,972,660	54,295,680	45,547,062	51,569,715	53,762,541	55,291,313	57,940,480	65,483,257	76,156,432
Interest expense and fiscal charges	450,602	392,699	(51,908)	16,986	535	2,030,505	2,973,844	3,650,348	7,697,446	13,002,641
Bond issuance costs	10,743	-	-	-	-	1,139,597	-	-	1,993,237	-
Fiscal payments to subrecipients	-	-	128,730	-	-	-	-	-	-	-
Contributions to Harbor Bridge Commitment	-	-	-	-	-	-	1,885,410	1,287,176	1,786,441	1,517,492
Contributions to other government agencies	-	-	-	-	-	3,000,000	3,000,000	4,415,092	3,000,000	3,000,000
Loss on disposal of assets	8,643	-	9,517,670	102,957	-	5,829,882	67,638	3,590	61,064	636
Loss on impairment of capital assets	-	-	-	-	-	-	-	428,254	-	-
Total Expenses	47,822,823	50,365,359	63,890,172	45,667,005	51,570,250	65,762,525	63,218,205	67,724,940	80,021,445	93,677,201
Income (Loss) Before Contributions	5,221,951	12,703,079	(955,989)	32,375,219	31,152,200	28,405,418	21,140,861	30,380,941	45,594,485	57,456,007
Capital Contributions	111,670,700	5,402,273	5,663,315	5,842,850	8,307,361	7,245,620	12,835,396	5,536,616	3,720,723	2,536,407
Changes in Net Position	116,892,651	18,105,352	4,707,326	38,218,069	39,459,561	35,651,038	33,976,257	35,917,557	49,315,208	59,992,414
Total Net Position, Beginning of Year	236,908,223	353,800,874	371,906,226	376,613,552	414,831,621	454,291,182	488,106,572	522,082,829	558,000,386	606,378,144
Cumulative Effect of Change in Accounting Principle	-	-	-	-	-	1,835,648	-	-	937,450	-
Total Net Position, End of Year	\$ 353,800,874	\$ 371,906,226	\$ 376,613,552	\$ 414,831,621	\$ 454,291,182	\$ 488,106,572	\$ 522,082,829	\$ 558,000,386	\$ 606,378,144	\$ 666,370,558
Net Position at Year End										
Net investment in capital assets	\$ 321,470,695	\$ 334,092,868	\$ 245,665,607	\$ 273,398,051	\$ 293,461,952	\$ 288,144,036	\$ 306,107,673	\$ 384,104,593	\$ 406,391,881	\$ 460,648,797
Restricted	1,927,662	1,924,226	252,763	32,683	35,522	36,153,709	36,031,915	21,222,100	23,479,446	24,756,790
Unrestricted	30,402,517	35,889,132	130,695,182	141,400,887	160,793,708	163,808,827	179,943,241	152,673,693	176,506,817	180,964,971
Total Net Position	\$ 353,800,874	\$ 371,906,226	\$ 376,613,552	\$ 414,831,621	\$ 454,291,182	\$ 488,106,572	\$ 522,082,829	\$ 558,000,386	\$ 606,378,144	\$ 666,370,558

TABLE 2 (Unaudited)

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Revenues by Source
Last Ten Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating Revenues:										
Wharfage	\$ 26,567,587	\$ 27,410,252	\$ 31,293,692	\$ 35,688,217	\$ 42,288,896	\$ 45,779,919	\$ 42,337,275	\$ 46,948,820	\$ 50,487,100	\$ 63,467,357
Dockage	8,138,326	8,948,217	10,331,997	11,358,813	14,630,404	14,003,472	11,970,562	13,548,519	15,310,185	17,676,236
Security fees	6,170,288	6,319,747	6,528,526	7,325,584	6,460,860	6,673,782	6,070,139	6,686,343	9,014,385	11,299,077
Freight handling	2,316,667	2,387,583	2,191,682	2,815,582	3,133,303	3,153,285	3,463,593	3,892,661	4,033,418	3,437,356
Rail Charges	839,342	1,252,172	1,151,977	1,026,819	893,900	699,535	1,427,837	2,217,491	2,552,814	3,426,169
Building and land rentals	4,417,518	6,411,552	7,490,936	8,152,093	8,456,174	9,391,040	12,444,299	14,641,254	18,591,803	21,566,430
Conference center services	1,679,885	1,814,456	2,008,474	1,688,770	1,864,556	2,209,031	2,011,136	2,152,659	2,017,419	1,903,112
Warehouse handling charges	426,093	368,950	-	-	-	-	-	-	-	-
FTZ user fees	337,000	302,750	301,250	253,917	222,500	207,667	224,000	225,000	241,833	247,000
Dredge placement fees	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714	10,151,880	1,870,497	1,920,638	436,910	1,500
Other	1,390,425	2,107,663	1,170,509	1,004,387	2,539,138	1,152,244	1,202,624	2,041,419	2,930,524	3,681,585
Insurance proceeds, Hurricane Harvey	-	-	-	-	-	-	-	1,266,289	163,737	1,536,964
	<u>\$ 52,279,852</u>	<u>\$ 58,698,961</u>	<u>\$ 62,432,414</u>	<u>\$ 77,467,953</u>	<u>\$ 82,159,445</u>	<u>\$ 93,421,855</u>	<u>\$ 83,021,962</u>	<u>\$ 95,541,093</u>	<u>\$ 105,780,128</u>	<u>\$ 128,242,786</u>
Non-Operating Revenues:										
Other:										
Investment income	\$ 478,291	\$ 467,494	\$ 163,804	\$ 283,544	\$ 341,754	\$ 518,374	\$ 1,184,692	\$ 2,417,838	\$ 4,807,322	\$ 7,974,561
Federal and other grant assistance	60,806	169,966	337,965	290,727	180,655	227,714	152,412	146,950	266,930	877,920
Contributions from Harbor Bridge commitment	-	-	-	-	-	-	-	-	14,761,550	\$ 14,037,941
Donation of personal property	225,825	4,500	-	-	-	-	-	-	-	-
Gain on disposal of assets	-	3,727,517	-	-	40,596	-	-	-	-	-
	<u>\$ 764,922</u>	<u>\$ 4,369,477</u>	<u>\$ 501,769</u>	<u>\$ 574,271</u>	<u>\$ 563,005</u>	<u>\$ 746,088</u>	<u>\$ 1,337,104</u>	<u>\$ 2,564,788</u>	<u>\$ 19,835,802</u>	<u>\$ 22,890,422</u>

TABLE 3 (Unaudited)

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Expenses by Type
Last Ten Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating Expenses:										
Maintenance and Operation:										
Employee services	\$ 8,374,106	\$ 7,810,947	\$ 8,258,807	\$ 7,324,312	\$ 8,304,043	\$ 9,993,556	\$ 9,478,572	\$ 9,948,834	\$ 9,646,909	\$ 10,736,455
Maintenance	3,538,398	5,136,098	4,896,773	3,679,718	6,122,959	3,667,189	4,367,556	3,707,172	4,024,567	6,216,284
Utilities	1,702,868	2,327,822	1,735,122	902,342	1,004,905	1,073,706	980,564	936,770	910,486	917,987
Telephone	35,286	101,960	94,604	85,538	80,639	78,674	90,885	88,096	85,140	91,916
Insurance & claims	2,266,112	2,099,345	2,311,581	2,023,472	1,911,090	1,745,262	1,520,100	1,336,484	1,493,288	1,629,166
Professional services	691,191	1,415,731	1,771,323	974,998	2,422,320	864,991	1,160,192	914,565	4,219,869	3,297,467
Police expenses	66,434	14,233	24,006	14,435	16,461	31,320	1,552,251	30,368	59,019	55,740
Contracted services	1,876,695	1,897,144	1,633,668	1,336,574	1,277,137	1,334,780	149,847	1,849,059	2,265,625	2,578,594
Office and equipment rental	73,983	142,778	65,037	55,691	79,023	109,355	96,681	126,387	104,596	139,756
Operator and event expenses	1,415,417	1,538,092	1,678,367	1,427,944	1,547,155	1,624,343	1,712,280	1,825,207	1,789,206	1,667,343
Warehouse supplies	9,037	8,024	-	-	-	-	-	-	-	-
Safety/Environmental	69,075	83,442	77,086	98,478	107,859	70,797	84,493	87,427	83,477	88,682
General	129,909	185,198	175,307	220,554	494,274	876,438	242,219	216,267	252,079	385,576
	<u>\$ 20,248,511</u>	<u>\$ 22,760,814</u>	<u>\$ 22,721,681</u>	<u>\$ 18,144,056</u>	<u>\$ 23,367,865</u>	<u>\$ 21,470,411</u>	<u>\$ 21,435,640</u>	<u>\$ 21,066,636</u>	<u>\$ 24,934,261</u>	<u>\$ 27,804,966</u>
General and Administrative:										
Employee services	\$ 7,692,080	\$ 7,224,377	\$ 7,423,777	\$ 7,272,765	\$ 8,001,279	\$ 10,549,722	\$ 11,446,283	\$ 12,891,866	\$ 13,209,035	\$ 14,953,056
Maintenance	453,408	501,087	509,303	530,688	648,221	759,004	948,956	756,368	1,038,631	1,058,811
Utilities	172,703	194,864	171,122	149,405	159,148	160,630	162,490	173,577	162,956	159,358
Telephone	196,626	115,447	100,921	73,896	83,776	91,439	97,984	99,596	118,665	166,452
Insurance & claims	124,620	92,492	97,774	429,990	99,451	109,887	148,816	124,462	117,385	232,747
Professional services	3,526,850	3,046,566	7,092,409	3,993,766	3,870,383	4,363,193	4,462,954	5,491,998	6,438,267	9,870,787
Police expenses	82	82	-	190	1,616	1,227	2,943	1,150	1,619	1,039
Contracted services	151,445	100,952	59,756	23,431	26,167	49,477	140,500	93,104	88,067	247,068
Office and equipment rental	59,809	65,104	76,941	92,118	86,761	99,176	123,574	158,778	148,149	86,383
Administrative	2,108,277	2,035,746	1,869,480	2,140,507	2,309,972	2,667,808	2,578,220	2,865,300	2,915,142	3,897,281
Trade and sales development	157,237	184,528	188,894	200,500	209,900	165,955	172,765	174,973	196,164	301,445
Media advertising	206,557	195,766	190,661	225,363	232,608	311,184	327,641	354,200	238,775	221,857
Production	25,678	24,222	21,774	33,424	41,061	74,566	23,768	39,581	55,459	55,766
Safety/Environmental	21,544	23,299	23,651	26,732	28,007	43,037	45,881	29,398	35,440	67,510
General	42,294	25,752	8,965	185,250	92,943	23,172	32,841	8,799	672,234	8,695
	<u>\$ 14,939,210</u>	<u>\$ 13,830,284</u>	<u>\$ 17,835,428</u>	<u>\$ 15,378,025</u>	<u>\$ 15,891,293</u>	<u>\$ 19,469,477</u>	<u>\$ 20,715,616</u>	<u>\$ 23,263,150</u>	<u>\$ 25,435,988</u>	<u>\$ 31,328,255</u>
Hurricane Harvey related repairs	-	-	-	-	-	-	-	233,054	\$ 963,247	\$ 2,361,711
Depreciation	<u>\$ 12,165,114</u>	<u>\$ 13,381,562</u>	<u>\$ 13,738,571</u>	<u>\$ 12,024,981</u>	<u>\$ 12,310,557</u>	<u>\$ 12,822,653</u>	<u>\$ 13,140,057</u>	<u>\$ 13,377,640</u>	<u>\$ 14,149,761</u>	<u>\$ 14,661,500</u>
Non-Operating Expenses:										
Other:										
Interest	\$ 450,602	\$ 392,699	\$ (51,908)	\$ 16,986	\$ 535	\$ 2,030,505	\$ 2,973,844	\$ 3,650,348	\$ 7,697,446	\$ 13,002,641
Bond issuance expenses	-	-	-	-	-	1,139,597	-	-	1,993,237	-
Contributions to Harbor Bridge commitment	-	-	-	-	-	-	1,885,410	1,287,176	1,786,441	1,517,492
Other	19,386	-	9,646,400	102,957	-	8,829,882	3,067,638	4,846,936	3,061,064	3,000,636
	<u>\$ 469,988</u>	<u>\$ 392,699</u>	<u>\$ 9,594,492</u>	<u>\$ 119,943</u>	<u>\$ 535</u>	<u>\$ 11,999,984</u>	<u>\$ 7,926,892</u>	<u>\$ 9,784,460</u>	<u>\$ 14,538,188</u>	<u>\$ 17,520,769</u>

TABLE 4 (Unaudited)

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
**Financial Performance Indicators
Last Ten Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating Revenues (OR)	\$ 52,279,852	\$ 58,698,961	\$ 62,432,414	\$ 77,467,953	\$ 82,159,445	\$ 93,421,855	\$ 83,021,962	\$ 95,541,093	\$ 105,780,128	\$ 128,242,786
Operating Expenses (OE) *	(35,187,721)	(36,591,098)	(40,557,109)	(33,522,081)	(39,259,158)	(40,939,888)	(42,151,256)	(44,562,840)	(51,333,496)	(61,494,932)
Net Operating Income (NOI)	17,092,131	22,107,863	21,875,305	43,945,872	42,900,287	52,481,967	40,870,706	50,978,253	54,446,632	66,747,854
Non-Operating Revenues	764,922	4,369,477	501,769	574,271	563,005	746,088	1,337,104	2,564,788	19,835,802	22,890,422
Non-Operating Expenses	(469,988)	(392,699)	(9,594,492)	(119,943)	(535)	(11,999,984)	(7,926,892)	(9,784,460)	(14,538,188)	(17,520,769)
Net Income "A" (NI"A")	17,387,065	26,084,641	12,782,582	44,400,200	43,462,757	41,228,071	34,280,918	43,758,581	59,744,246	72,117,507
Depreciation	(12,165,114)	(13,381,562)	(13,738,571)	(12,024,981)	(12,310,557)	(12,822,653)	(13,140,057)	(13,377,640)	(14,149,761)	(14,661,500)
Net Income (Loss) "B" (NI"B")	\$ 5,221,951	\$ 12,703,079	\$ (955,989)	\$ 32,375,219	\$ 31,152,200	\$ 28,405,418	\$ 21,140,861	\$ 30,380,941	\$ 45,594,485	\$ 57,456,007
Net Capital Assets (NCA) **	\$ 310,154,387	\$ 308,029,828	\$ 205,249,468	\$ 236,941,202	\$ 241,815,700	\$ 297,825,250	\$ 296,380,248	\$ 321,263,212	\$ 386,505,892	\$ 387,829,832
Total Assets (TA)	\$ 383,387,219	\$ 399,959,365	\$ 398,840,431	\$ 435,235,356	\$ 485,074,255	\$ 625,138,463	\$ 677,119,779	\$ 724,780,324	\$ 993,775,538	\$ 1,080,903,075

Operating Indicators:

Operating ROI (NOI/NCA)	5.51%	7.18%	10.66%	18.55%	17.74%	17.62%	13.79%	15.87%	14.09%	17.21%
Operating Margin (NOI/OR)	32.69%	37.66%	35.04%	56.73%	52.22%	56.18%	49.23%	53.36%	51.47%	52.05%
Operating Ratio (OE/OR)	67.31%	62.34%	64.96%	43.27%	47.78%	43.82%	50.77%	46.64%	48.53%	47.95%

Other ROI Indicators:

ROI "A" (NI"A"/TA)	4.54%	6.52%	3.20%	10.20%	8.96%	6.60%	5.06%	6.04%	6.01%	6.67%
ROI "B" (NI"B"/TA)	1.36%	3.18%	-0.24%	7.44%	6.42%	4.54%	3.12%	4.19%	4.59%	5.32%

* - Excludes Depreciation

** - Excludes Construction in Progress

TABLE 5 (Unaudited)

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Port Commerce By Commodity
Last Ten Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Commodity By Port Division - Short tons										
Inner Harbor										
Break Bulk	157,781	122,055	214,010	62,310	133,938	238,695	248,471	389,264	451,029	427,205
Grain	4,100,774	4,183,095	2,563,535	2,972,973	4,068,716	3,396,829	4,169,145	5,162,711	2,601,336	1,867,544
Chemical	37,814	58,377	58,066	41,198	99,979	135,841	105,512	99,706	106,263	116,909
Dry Bulk	2,038,029	2,821,831	2,317,603	2,805,899	3,639,556	3,834,620	3,548,129	2,798,319	2,868,385	3,509,844
Liquid Bulk	506,211	533,543	554,336	475,785	493,850	580,055	432,750	528,901	514,887	629,961
Crude	20,676,801	19,004,324	19,675,302	27,725,999	35,619,488	40,612,622	28,619,578	25,910,096	28,167,840	34,643,867
Petroleum	40,486,227	40,442,243	40,718,504	40,091,495	42,653,836	42,714,963	45,396,299	44,977,499	47,263,872	44,260,511
Total	68,003,637	67,165,468	66,101,356	74,175,660	86,709,363	91,513,625	82,519,884	79,866,496	81,973,612	85,455,841
La Quinta										
Break Bulk	1,369	-	-	3,551	105,282	111,346	85,069	163,313	170,135	139,143
Chemical	1,430,429	1,685,331	1,907,946	1,910,564	2,105,444	1,822,132	2,095,329	2,258,959	2,279,158	2,304,539
Dry Bulk	4,809,114	5,817,275	5,585,549	6,078,632	5,518,508	4,448,951	3,357,428	4,311,854	4,085,546	4,056,812
Crude	-	-	-	-	-	-	-	-	-	-
Petroleum	22,404	41,750	25,319	14,228	23,906	17,370	23,548	34,454	217,530	6,911,738
Total	6,263,316	7,544,356	7,518,814	8,006,975	7,753,140	6,399,799	5,561,374	6,768,580	6,752,369	13,412,232
Ingleside										
Break Bulk	169,609	175,551	175,287	263,119	31,458	58,348	12,271	2,020	67	25,628
Dry Bulk	7,012	4,615	10,742	829	5,274	2,804	345	4,383	273	-
Crude	6,322,979	4,630,072	3,445,503	4,871,560	5,891,206	4,904,927	5,982,277	15,733,332	17,497,170	23,258,262
Petroleum	1,392,450	700,757	1,511,714	1,556,391	195,976	598,584	216,184	15,913	13,861	18,466
Total	7,892,050	5,510,995	5,143,247	6,691,899	6,123,914	5,564,664	6,211,077	15,755,648	17,511,371	23,302,356
Rincon Point										
Break Bulk	10,500	9,025	1,669	-	-	-	-	1,124	54	-
Grain	12,503	31,726	15,312	11,235	1,600	-	-	-	-	-
Dry Bulk	12,291	48,647	25,790	5,835	-	-	-	-	-	-
Total	35,294	89,398	42,771	17,070	1,600	-	-	1,124	54	-
Total	82,194,297	80,310,217	78,806,188	88,891,604	100,588,017	103,478,088	94,292,335	102,391,848	106,237,406	122,170,429
Commodity Totals - Short tons										
Break Bulk	339,259	306,631	390,966	328,980	270,678	408,389	345,811	555,721	621,285	591,976
Grain	4,113,277	4,214,821	2,578,847	2,984,208	4,070,316	3,396,829	4,169,145	5,162,711	2,601,336	1,867,544
Chemical	1,468,243	1,743,708	1,966,012	1,951,762	2,205,423	1,957,973	2,200,842	2,358,665	2,385,421	2,421,448
Dry Bulk	6,866,446	8,692,368	7,939,684	8,891,195	9,163,338	8,286,375	6,905,901	7,114,556	6,954,204	7,566,656
Liquid Bulk	506,211	533,543	554,336	475,785	493,850	580,055	432,750	528,901	514,887	629,961
Crude	26,999,780	23,634,396	23,120,805	32,597,560	41,510,694	45,517,549	34,601,855	41,643,428	45,665,010	57,902,129
Petroleum	41,901,081	41,184,750	42,255,537	41,662,114	42,873,718	43,330,918	45,636,031	45,027,866	47,495,263	51,190,715
Total	82,194,297	80,310,217	78,806,188	88,891,604	100,588,017	103,478,088	94,292,335	102,391,848	106,237,406	122,170,429

TABLE 5 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Port Commerce By Commodity
Last Ten Years

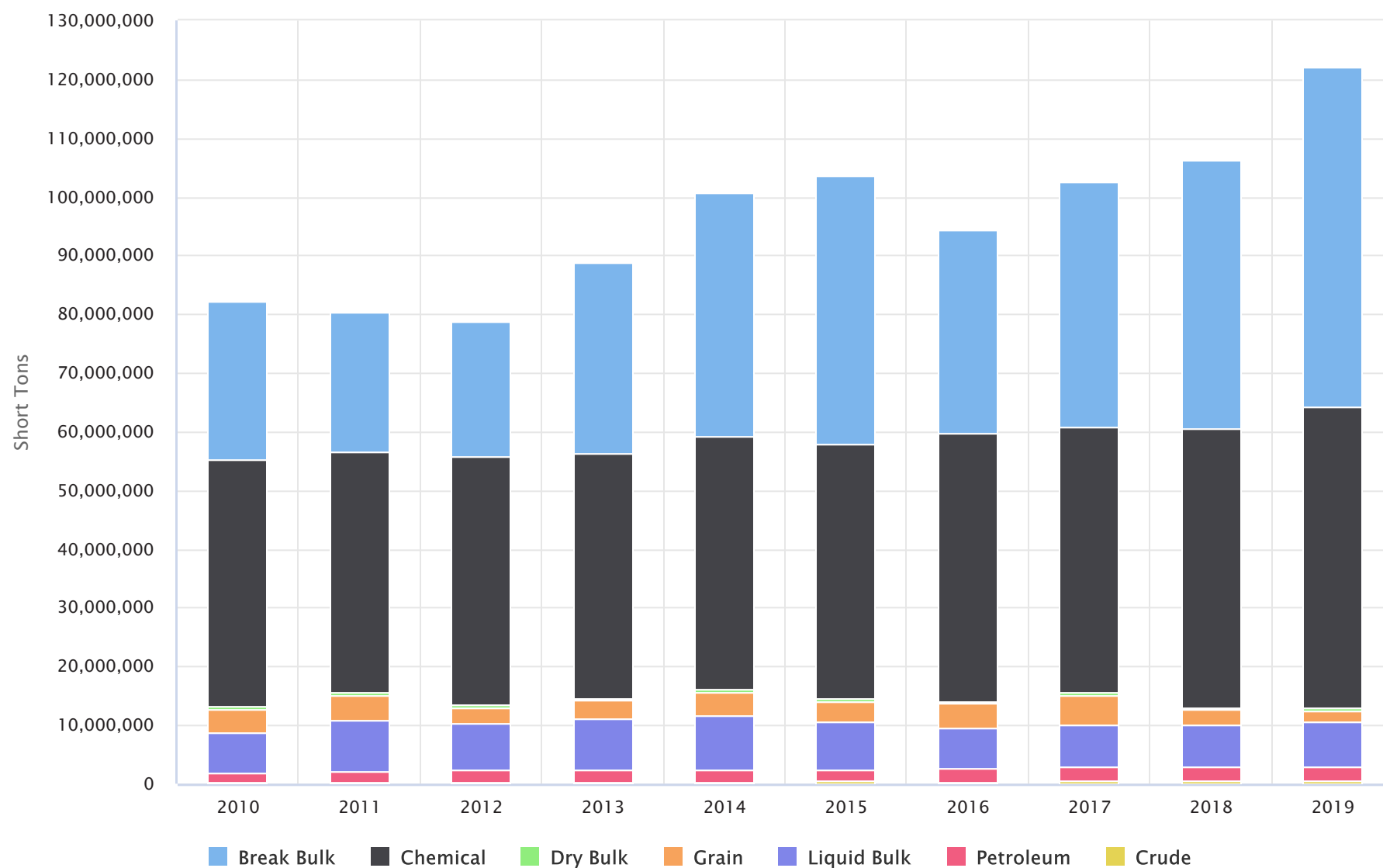
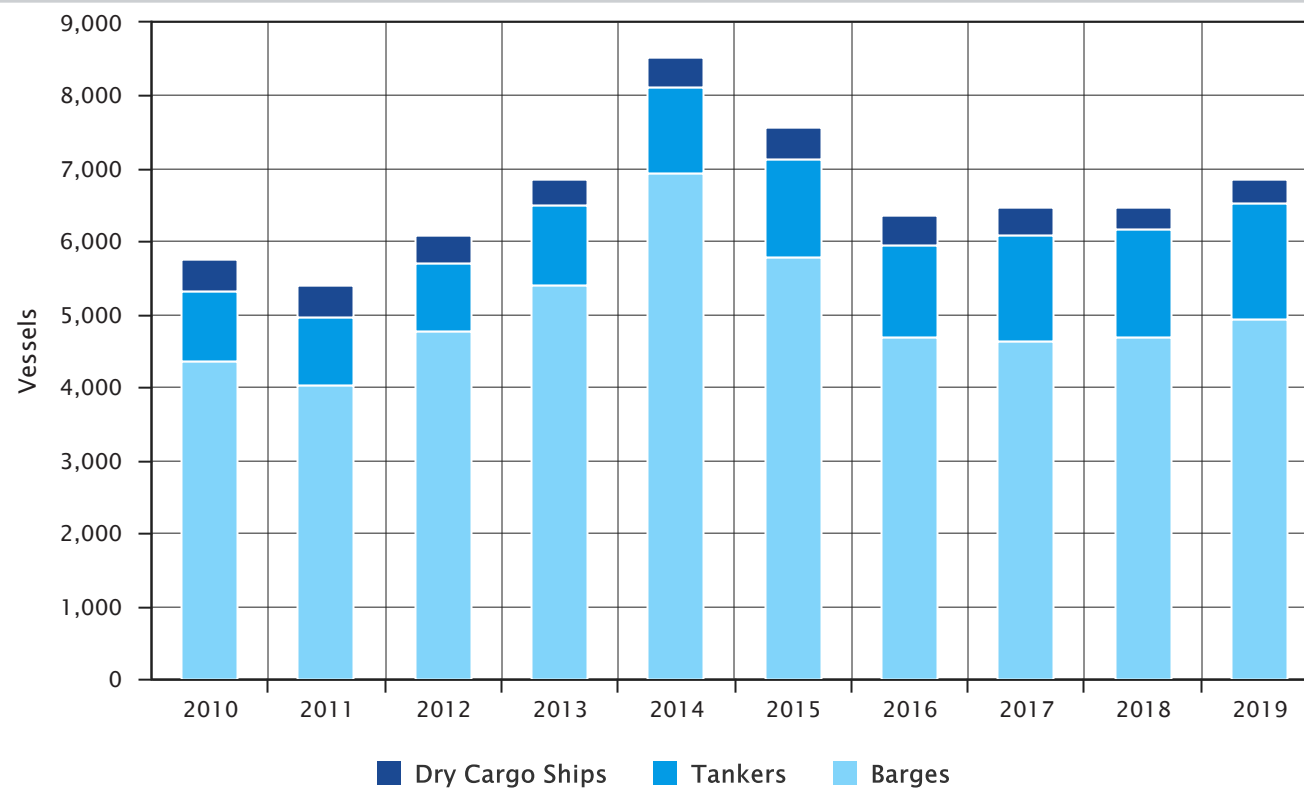


TABLE 6 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Vessel Traffic
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Inner Harbor										
<i>Ships</i>										
Dry Cargo	267	280	226	224	223	283	293	280	200	228
Tankers	783	780	760	873	986	1,143	1,039	1,110	1,151	1,140
<i>Barges</i>	4,168	3,878	4,580	5,087	6,475	5,479	4,478	4,153	4,304	4,452
<i>Total Vessels</i>	5,218	4,938	5,566	6,184	7,684	6,905	5,810	5,543	5,655	5,820
La Quinta Harbor										
<i>Ships</i>										
Dry Cargo	124	117	114	125	130	104	88	102	70	67
Tankers	69	101	116	114	130	124	140	167	136	249
<i>Barges</i>	124	90	59	88	101	118	80	346	321	398
<i>Total Vessels</i>	317	308	289	327	361	346	308	615	527	714
Harbor Island										
<i>Ships</i>										
Dry Cargo	-	-	-	-	-	-	-	-	4	48
Tankers	-	-	-	5	-	-	-	-	-	-
<i>Barges</i>	-	1	-	2	-	-	-	-	-	8
<i>Total Vessels</i>	-	1	-	7	-	-	-	-	4	56
Ingleside Harbor										
<i>Ships</i>										
Dry Cargo	59	42	37	29	60	31	35	12	19	4
Tankers	105	75	65	94	70	89	89	169	185	198
<i>Barges</i>	67	51	123	225	353	190	124	142	75	81
<i>Total Vessels</i>	231	168	225	348	483	310	248	323	279	283
Rincon Point										
<i>Barges</i>	3	2	2	6	-	-	-	1	2	-
<i>Total Vessels</i>	3	2	2	6	-	-	-	1	2	-
Total										
<i>Ships</i>										
Dry Cargo	450	439	377	378	413	418	416	394	293	347
Tankers	957	956	941	1,086	1,186	1,356	1,268	1,446	1,472	1,587
<i>Barges</i>	4,362	4,022	4,764	5,408	6,929	5,787	4,682	4,642	4,702	4,939
<i>Total Vessels</i>	5,769	5,417	6,082	6,872	8,528	7,561	6,366	6,482	6,467	6,873

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXASVessel Traffic
Last Ten Years

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
**Tariff Rates
Last Ten Years**

	U/M	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Wharfage Rates											
All Cargo NOS	W/M	\$2.8500	\$2.8900	\$3.0400	\$3.1000	\$3.2200	\$3.3100	\$3.3900	\$3.4500	\$3.5800	\$3.6500
Dry Bulk	S/T	\$0.9000	\$1.0500	\$1.2500	\$1.2800	\$1.3300	\$1.3700	\$1.4000	\$1.4300	\$1.4800	\$1.5100
Liquid Bulk	BRL	\$0.0828	\$0.0839	\$0.0883	\$0.0901	\$0.0937	\$0.0965	\$0.0987	\$0.1005	\$0.1041	\$0.1061
Beans, Lentils & Peas	S/T	\$0.5700	\$0.5800	\$0.6100	\$0.6200	\$0.6400	\$0.6600	\$0.6700	\$0.6900	\$0.7100	\$0.7200
Cotton	Bale	\$0.5000	\$0.5100	\$0.5400	\$0.5500	\$0.5700	\$0.5900	\$0.6000	\$0.6100	\$0.6300	\$0.6600
Grain and Grain Products	S/T	\$1.2900	\$1.3100	\$1.3800	\$1.4100	\$1.4700	\$1.5100	\$1.5500	\$1.5700	\$1.6400	\$1.6700
Grain and Grain Products (bulk)	S/T	\$0.2600	\$0.2600	\$0.2700	\$0.2800	\$0.2900	\$0.3000	\$0.3100	\$0.3200	\$0.3300	\$0.3400
Iron and Steel Articles	S/T	\$1.8600	\$1.8800	\$1.9800	\$2.0200	\$2.1000	\$2.1600	\$2.2100	\$2.2500	\$2.3300	\$2.3800
Machinery, agricultural	S/T	\$2.8500	\$2.8900	\$3.0400	\$3.1000	\$3.2200	\$3.3310	\$3.3900	\$3.4500	\$3.5800	\$3.6500
Machinery, grading, earth moving	S/T	\$2.8500	\$2.8900	\$3.0400	\$3.1000	\$3.2200	\$3.3100	\$3.3900	\$3.4500	\$3.5800	\$3.6500
Military Cargo	S/T	\$5.3600	\$5.4300	\$5.7200	\$5.8400	\$6.0700	\$6.2500	\$6.3900	\$6.5200	\$6.7600	\$6.8900
Milk, dehydrated	S/T	\$1.5100	\$1.5300	\$1.6100	\$1.6400	\$1.7100	\$1.7600	\$1.8000	\$1.8300	\$1.9000	\$1.9400
Passengers	Person	\$4.9800	\$5.0500	\$5.5300	\$5.6400	\$5.8600	\$6.0300	\$6.1700	\$6.2800	\$6.5100	\$6.6400
Power Generation/Plant Equipment	S/T	\$2.8400	\$2.8800	\$3.0300	\$3.1000	\$3.2200	\$3.3100	\$3.3900	\$3.4500	\$3.5800	\$3.6500
Refrigerated Cargo	S/T	\$1.2900	\$1.3100	\$1.3800	\$1.4100	\$1.4700	\$1.5100	-	-	-	-
Rice and Rice Products	S/T	\$1.2900	\$1.3100	\$1.3800	\$1.4100	\$1.4700	\$1.5100	\$1.5500	\$1.6900	\$1.7500	\$1.7900
Sand, aggregates, caliche, limestone	S/T	\$0.9000	\$1.0500	\$1.2500	\$1.2800	\$1.3300	\$1.3700	\$1.4000	\$1.4300	\$1.4800	\$1.5100
Vegetable oil	S/T	\$1.2500	\$1.2700	\$1.3400	\$1.3700	\$1.4200	\$1.4600	\$1.5000	\$1.5200	\$1.5800	\$1.6100
Vehicles	S/T	\$4.9200	\$4.9800	\$5.2400	\$5.3500	\$5.5600	\$5.7200	\$5.8500	\$5.9600	\$6.1800	\$6.3000
Vessels, pressure	S/T	\$3.5200	\$3.5700	\$3.7600	\$3.8400	\$3.9900	\$4.1100	\$4.2000	\$4.2800	\$4.4300	\$4.5200
Dockage Rates											
General Cargo											
Vessels											
0-199	Feet	\$2.36	\$2.39	\$2.52	\$2.57	\$2.67	\$2.75	\$2.81	\$2.86	\$2.97	\$3.02
200-399	Feet	\$3.10	\$3.14	\$3.31	\$3.38	\$3.51	\$3.61	\$3.70	\$3.75	\$3.90	\$3.97
400-499	Feet	\$4.38	\$4.44	\$4.67	\$4.76	\$4.95	\$5.10	\$5.21	\$5.31	\$5.50	\$5.60
500-599	Feet	\$5.89	\$5.97	\$6.28	\$6.41	\$6.66	\$6.86	\$7.01	\$7.15	\$7.41	\$7.55
600-699	Feet	\$6.74	\$6.83	\$7.19	\$7.34	\$7.63	\$7.85	\$8.03	\$8.17	\$8.48	\$8.64
700-799	Feet	\$8.69	\$8.80	\$9.26	\$9.45	\$9.83	\$10.12	\$10.35	\$10.52	\$10.91	\$11.12
800-899	Feet	\$10.46	\$10.60	\$11.16	\$11.39	\$11.84	\$12.19	\$12.47	\$12.69	\$13.15	\$13.41
900 +	Feet	\$12.50	\$12.66	\$13.33	\$13.60	\$14.14	\$14.56	\$14.89	\$15.16	\$15.71	\$16.01
Barges - Inland Waterway	Feet	\$125.00	\$126.64	\$133.30	\$136.01	\$150.00	\$154.41	\$157.93	\$157.93	\$166.61	\$169.84
Bulk Terminal	GRT	\$0.41	\$0.42	\$0.44	\$0.45	\$0.47	\$0.48	\$0.49	\$0.50	\$0.52	\$0.53
Liquid Bulk											
Vessels											
Barges	DWT	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid
0-200 Feet	Barge	\$125.00	\$126.64	\$133.30	\$136.01	\$150.00	\$154.41	\$157.93	\$160.77	\$166.61	\$169.84
201-361 Feet	Barge	\$125.00	\$126.64	\$133.30	\$136.01	\$225.00	\$231.62	\$236.90	\$241.16	\$249.91	\$254.76
360 +	Barge	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid
Harbor Safety Fee²											
Ships	Ship	\$2,032.00	\$2,032.00	\$2,032.00	\$2,032.00	\$1,153.00	\$1,153.00	\$1,153.00	\$1,153.00	\$1,446.00	\$1,446.00
Barges	Barge	\$230.00	\$230.00	\$230.00	\$230.00	\$132.00	\$132.00	\$132.00	\$132.00	\$166.00	\$166.00
Security Surcharge Fee¹											
		10.0%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	10.0%	10.0%

(1) Security surcharge fee is calculated on wharfage and dockage billings

(2) Harbor Safety Fees include fireboat fees and a marine patrol fee implemented in 2010

Tariff rates reported on this schedule represent the most significant of the Authority's revenue sources, all rates may be obtained from the Authority's published tariff

S/T - short tons; BRL - barrel; DWT - dead weight tons; NRT - net registered tons; GRT - gross registered tons; W/M - weight or measure

TABLE 8 (Unaudited)

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Ten Largest Customers
December 31, 2019 and 2010**

WHARFAGE and DOCKAGE REVENUE:

Customer	2019			2010		
	Wharfage and Dockage Revenue	Rank	%	Wharfage and Dockage Revenue	Rank	%
Valero	\$ 9,633,101	1	15.92%	\$ 9,261,166	1	25.11%
Nu Star Logistics	9,496,636	2	15.70%	3,326,511	4	9.02%
Flint Hills	6,221,715	3	10.28%	5,266,471	3	14.28%
Citgo	6,081,534	4	10.05%	6,584,832	2	
Moda	5,803,485	5	9.59%			
Buckeye Texas Hub LLC	5,119,460	6	8.46%			
Corpus Christi Liquefaction	4,614,375	7	7.63%			
Max Shipping, Inc.	3,459,041	8	5.72%	607,764	8	1.65%
voestalpine	2,987,409	9	4.94%			
GE Energy Logistics	2,254,114	10	3.73%			
Equistar	-			1,172,641	5	3.18%
Biehl & Company	-			938,177	6	2.54%
Valls Shipping Co.	-			740,887	7	2.01%
Port Corpus Terminal, Inc	-			482,862	9	1.31%
Dix-Fairway Terminals	-			471,671	10	1.28%
Subtotal (10 largest)	55,670,870		68.61%	28,852,982		78.23%
Other	25,472,723		31.39%	8,031,016		21.77%
Total	\$ 81,143,593		100.00%	\$ 36,883,998		100.00%

TONNAGE:

Customer	2019			2010		
	Tonnage	Rank	%	Tonnage	Rank	%
Valero	21,828,628	1	17.87%	23,677,163	1	28.81%
Citgo	17,981,779	2	14.72%	22,274,944	2	27.10%
Moda	15,550,508	3	12.73%			
Nu Star Logistics	13,352,878	4	10.93%	4,466,990	5	5.43%
Buckeye Texas Hub LLC	12,863,708	5	10.53%			
Flint Hills	12,411,391	6	10.16%			18.41%
Corpus Christi Liquefaction	6,842,061	7	5.60%			
voestalpine	4,015,920	8	3.29%			
Occidental Chemical Corp.	2,353,737	9	1.93%	1,431,882	9	1.74%
Oxy Energy Center LLC	2,330,665	10	1.91%			
Sherwin Alumina Company LP	-			4,809,471	4	5.85%
ADM/Growmark River System, Inc.	-			2,388,517	6	2.91%
Interstate Grain Port Terminal	-			1,704,255	7	2.07%
Equistar	-			1,468,902	8	1.79%
Port Corpus Terminal, Inc	-			553,106	10	0.67%
Subtotal (10 largest)	109,531,275		89.65%	77,906,473		94.78%
Other	12,639,154		10.35%	4,287,825		5.22%
Total	122,170,429		100.00%	82,194,298		100.00%

TABLE 9 (Unaudited)

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Ratios of Outstanding Debt
Last Ten Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenue Bonds	\$ 8,515,000	\$ 7,250,000	\$ -	\$ -	\$ -	\$ 115,000,000	\$ 110,640,000	\$ 106,245,000	\$ 309,325,000	\$ 304,795,000
Bond Premium	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,117,024	\$ 16,243,611
Capital Leases	10,285	521	-	-	-	-	-	-	-	-
Total Outstanding Debt	\$ 8,525,285	\$ 7,250,521	\$ -	\$ -	\$ -	\$ 115,000,000	\$ 110,640,000	\$ 106,245,000	\$ 326,442,024	\$ 321,038,611
Per Capita	\$ 235	\$ 185	\$ -	\$ -	\$ -	\$ -	\$ 2,739	\$ 2,506	\$ 7,367	\$ 6,939
Percent of Personal Income	0.06%	0.05%	0.00%	0.00%	0.00%	0.00%	0.64%	0.59%	1.72%	1.62%

Details regarding the Authority's outstanding debt can be found in Note 7 of the Notes to the

TABLE 10 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Pledged Revenue Bond Coverage
Last Ten Years

Year	Gross Revenues (1)	Maintenance and Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2010	\$ 53,044,774	\$ 35,187,721	\$ 17,857,053	\$ 1,210,000	460,690	\$ 1,670,690	10.69
2011	63,068,438	36,591,098	26,477,340	1,265,000	408,405	1,673,405	15.82
2012	62,934,183	40,557,109	22,377,074	-	-	-	-
2013	78,042,224	33,522,081	44,520,143	-	-	-	-
2014	82,722,450	39,259,158	43,463,292	-	-	-	-
2015	93,903,115	40,939,888	52,963,227	-	2,115,973	2,115,973	-
2016	84,052,194	42,151,256	41,900,938	4,360,000	4,139,948	8,499,948	4.93
2017	97,336,565	44,329,786	53,006,779	4,395,000	4,105,722	8,500,722	6.24
2018	108,637,047	51,333,496	57,303,551	4,450,000	7,138,292	11,588,292	4.94
2019	132,872,595	61,494,932	71,377,663	4,530,000	13,803,917	18,333,917	3.89

(1) Gross revenues represent operating revenues, other than insurance reimbursements, and includes interest income not related to bond proceeds

(2) Operating expenses represent maintenance and operating, and general and administrative expenses and any other operating expenses paid in cash, excluding depreciation

TABLE 11 (Unaudited)

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Demographic and Economic Statistics
Last Ten Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Population (1)	404,682	407,706	413,225	419,136	423,412	427,742	429,108	428,237	429,158	429,632
Personal Income-(in thousands) (1)	\$ 14,702,307	\$ 15,944,465	\$ 16,708,972	\$ 17,330,157	\$ 18,251,558	\$ 18,134,855	\$ 17,330,402	\$ 18,152,655	\$ 19,016,251	\$ 19,878,180
Per Capita Personal Income (1)	\$ 36,331	\$ 39,108	\$ 40,436	\$ 41,347	\$ 43,106	\$ 42,397	\$ 40,387	\$ 42,389	\$ 44,311	\$ 46,268
Unemployment rate (2)	8.10%	8.00%	6.50%	6.00%	5.05%	4.95%	5.74%	5.89%	5.03%	4.28%

Source:

(1) Estimates of population from the Bureau of Economic Analysis
for the Corpus Christi, TX Metropolitan Statistical Area consisting of Aransas, Nueces and San Patricio counties

(2) Bureau of Labor Statistics

TABLE 12 (Unaudited)

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Principal Employers
December 31, 2019 and 2010**

Employer	2019			2010		
	Number of Employees	Rank	Percent of Total MSA Employment	Number of Employees	Rank	Percent of Total MSA Employment
Corpus Chirsti ISD	5,944	1	3.01%	5,178	3	2.66%
Corpus Christi Naval Air Station	4,500	2	2.28%	5,525	2	2.83%
H.E.B.	3,840	3	1.94%	5,000	5	2.56%
CHRISTUS Spohn Heath Systems	3,400	4	1.72%	5,144	4	2.64%
Corpus Christi Army Depot	3,400	5	1.72%	5,800	1	2.97%
City of Corpus Christi	3,202	6	1.62%	3,171	6	1.63%
Driscoll Children's Hospital	2,512	7	1.27%	1,800	8	0.92%
Corpus Christi Medical Center	1,500	8	0.76%	1,300	10	0.67%
Kiewit Offshore Service	1,750	9	0.89%			0.00%
Bay, Ltd	1,700	10	0.86%	2,100	7	1.08%
Del Mar College				1,800	9	0.92%
Total	31,748		16.07%	36,818		18.88%

Source:

Employers and Number of Employees provided by Corpus Christi Regional Economic and Development Corporation

Corpus Christi, Texas MSA Employment provided by <http://www.deptofnumbers.com>

TABLE 13 (Unaudited)

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Employees by Function
Last Ten Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operations:										
Bulk Terminal Facility	14	17	18	22	23	22	21	22	22	22
Harbormaster's Office	9	9	9	9	8	9	10	10	10	10
Maintenance	46	45	45	38	40	43	44	45	42	46
Police Department	51	46	44	43	48	48	48	49	47	54
	120	117	116	112	119	122	123	126	121	132
Administration:										
Chief Executive Officer	-	-	-	-	-	-	-	-	2	2
Executive Director	6	2	2	2	3	2	3	3	3	-
Deputy Port Director	4	4	2	-	-	-	-	-	-	-
Chief Operating Officer	-	-	2	2	2	2	2	2	1	2
Chief Commercial Officer	-	-	-	-	-	2	2	2	3	-
Chief External Affairs Officer	-	-	-	-	-	-	-	-	1	2
Chief Financial Officer	2	2	2	2	2	2	1	3	3	2
Planning	-	-	-	-	-	-	-	-	3	4
Government Affairs	1	1	1	1	1	1	1	1	2	2
Human Resources	5	5	5	5	5	6	6	6	7	6
Business Development	3	3	3	4	4	5	5	5	3	1
Communication & Community Relations	2	3	3	3	4	7	6	5	7	8
Property & Industrial Development	1	3	3	3	3	3	4	4	4	5
Accounting	7	8	8	10	9	10	10	12	13	16
Procurement	-	-	-	-	-	-	3	3	2	4
Risk Management	-	-	-	-	-	2	2	2	3	3
Safety Management	-	-	-	-	1	2	2	2	2	2
Emergency Management	-	-	-	-	-	-	1	1	1	2
Information Technology	7	6	7	6	8	13	13	12	12	14
Engineering	9	8	8	10	13	16	20	20	18	18
Environmental Planning & Compliance	3	4	4	4	6	5	4	5	6	9
Operations	4	4	4	5	4	4	1	4	4	6
	54	53	54	57	65	82	86	92	100	108
	174	170	170	169	184	204	209	218	221	240

TABLE 14 (Unaudited)

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
**Capital Asset Statistics
Last Ten Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Harbor divisions	6	6	6	6	6	6	6	6	6	6
Turning basins	5	5		5	5	7	7	7	7	7
Corpus Christi Ship Channel (miles)	35	35	35	35	35	37	37	37	37	37
Authorized channel draft (feet)	45	54	54	54	54	54	54	54	54	54
General cargo docks	8	8	8	7	7	7	7	7	8	8
Covered docks	3	3	3	3	3	3	3	3	3	3
Open docks	2	2	2	2	2	4	4	4	5	5
Special public use dock	1	1	1	1	1	1	1	1	1	1
Covered storage (square feet)	295,000	295,000	295,000	295,000	295,000	295,000	295,000	295,000	295,000	295,000
Dockside rail access (docks)	4	4	4	4	4	4	4	4	4	4
Roll-on/ Roll-off ramps	1	1	1	1	1	1	1	1	1	1
Liquid bulk docks	11	11	11	11	12	13	13	13	15	15
Ship	6	6	6	6	6	7	7	7	8	8
Barge	5	5	5	6	6	6	6	6	7	7
Bulk material docks	2	2	2	2	2	2	2	2	2	2
Gantry crane	1	1	1	1	1	1	1	1	1	1
Unloading rate per hour (short tons)	600	600	600	600	600	600	600	600	600	600
Radial ship loaders	1	1	1	1	1	1	1	1	1	1
Loading rate per hour (short tons)	1,500	1,500	1,500	1,500	36,530	1,500	1,500	1,500	1,500	1,500
Layberth facilities/docks	3	3	3	3	3	3	3	2	2	2
Intermodal terminal	1	1	1	1	1	1	1	1	1	1
Open storage (acres)	28	28	30	30	30	35	35	35	35	35
Container handling machines	2	2	2	2	0	0	0	0	0	0
Bagging facilities	2	2	2	2	2	2	2	2	2	2
Grain	1	1	1	1	1	1	1	1	1	1
General purpose	1	1	1	1	1	1	1	1	1	1
Grain elevator	1	1	1	1	1	1	1	1	1	1
Bushel capacity (bushels)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Ship loading capacity per hour (bushels)	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
Truck unloading capacity per hour (bushels)	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Railcar unloading capacity per hour (bushels)	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Cotton warehouses	1	1	1	1	1	1	1	1	1	1
Covered storage (square feet)	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000	575,000
Meeting banquet center	1	1	1	1	1	1	1	1	1	1
Meeting rooms	5	5	5	5	5	5	5	5	5	5
Banquet hall	1	1	1	1	1	1	1	1	1	1
Outdoor plaza	1	1	1	1	1	1	1	1	1	1
Indoor square feet (approximate)	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Outdoor square feet (approximate)	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Industrial parks	1	1	1	1	1	1	1	1	1	1
Acreage	318	318	318	318	285	285	285	285	285	285
Barge canals	2	2	2	2	2	2	2	2	2	2
Land										
Submerged (acres)	18,750	18,750	18,750	17,770	17,770	18,062	18,062	18,062	18,062	18,062
Emerged (acres)	6,250	6,250	6,256	5,822	7,286	7,301	7,383	7,384	10,379	10,379
Dredge Placement Areas	4,688	4,688	4,688	4,688	4,974	4,974	4,974	4,974	5,391	5,391
Open storage/development(acres)	2,400	2,400	2,400	2,400	2,312	2,327	2,409	2,410	2,410	2,410
Railroads										
Railway(miles)	37	42	42	43	45	48	48	48	48	48
Security Cmmnand Center	1	1	1	1	1	1	1	1	1	1
Naval Station Ingleside										
Land-emerged (acres)	483	480	-	-	-	-	-	-	-	-
Land-submerged (acres)	429	429	-	-	-	-	-	-	-	-
Wharfs and piers (linear feet)	4,050	3,450	-	-	-	-	-	-	-	-
Buildings-office/classrooms, barracks, warehouse (sq ft)	788,367	781,217	-	-	-	-	-	-	-	-

TABLE 15 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Analysis of Funding Progress
Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL As a Percentage of Covered Payroll
2006	\$ 15,800,903	\$ 19,925,412	79.3%	\$ 4,124,509	\$ 9,020,233	45.7%
2007	17,772,707	22,044,720	80.6%	4,272,013	9,558,262	44.7%
2008	18,097,936	23,421,983	77.3%	5,324,047	10,298,956	51.7%
2009	20,143,863	24,899,158	80.9%	4,755,295	11,397,962	41.7%
2010	21,744,295	26,372,629	82.5%	4,628,334	11,840,675	39.1%
2011	28,148,929	28,169,728	99.9%	20,799	10,531,666	0.2%
2012	29,524,708	29,044,854	101.7%	(479,854)	10,982,221	(4.4%)
2013	31,917,556	30,786,850	103.7%	(1,130,706)	11,312,022	(10.0%)
2014	34,405,338	34,812,267	98.8%	406,929	11,816,386	3.4%
2015	37,078,189	37,973,188	97.6%	894,999	13,992,927	6.4%
2016	49,403,922	50,304,319	98.2%	900,397	14,240,462	6.3%
2017	53,168,854	53,575,938	99.2%	407,084	15,259,672	2.7%
2018	56,237,943	57,275,460	98.2%	1,037,517	16,358,433	6.3%

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
**Schedule of Insurance in Force
December 31, 2019**

Details of Coverage	Policy Period	Deductible	Liability Limits
All Risk Property	04/01/19-2020	4,000,000	\$ 100,000,000
Federal Flood Insurance	Varies	1,250	Varies
Boiler and Machinery	04/01/19-2020	5,000	100,000,000
Business Auto Liability	10/01/19-2020	5,000/10,000	1,000,000
Foreign Liability-Travel Accident & Sickness	n/a	n/a	n/a
Firebarge Hull & Machinery	10/01/19-2020	25,000	6,441,859
29' Safeboat Hull & Machinery			
31' Safeboat Hull & Machinery			
Other Boats & Motors	10/01/19-2020	25,000	varies
General Liability/Marine	10/01/19-2020	50,000	20,000,000
Cyber Liability	10/01/19-2020	25,000	3,000,000
Errors and Omissions Liability	10/01/19-2020	10,000	5,000,000/10,000,000
Law Enforcement Liability	10/01/19-2020	10,000	5,000,000/10,000,000
Employee Fidelity (Crime) Bond	10/01/19-2020	25,000	1,000,000
Public Officials Bonds (8)	Varies	-	5,000
Workers' Compensation	12/31/19 -2020	-	Statutory/1,000,000
Terrorism	04/01/19-2020	10,000	100,000,000
Foreign Liability-Kidnap & Ransom	10/01/19-2020	-	10,000,000/25,000,000
Mobile Equipment	10/01/19-2020	1,000	2,302,215
Active Shooter	10/01/19-2020	-	1,000,000

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
**Miscellaneous Statistical Data
December 31, 2019**

Date of Incorporation:	1922																																																				
Form of Government:	A public corporation and political subdivision of the State of Texas																																																				
Number of Employees:	240																																																				
Geographic Location:	Southeastern coast of Texas on the Gulf of Mexico approximately 150 miles north of the Mexican Border																																																				
Area:	10,379 - Emergent acres 18,062 - Submerged acres																																																				
Population:	<table><tr><td></td><td>City of</td><td>Nueces</td><td>San Patricio</td></tr><tr><td></td><td>Corpus Christi</td><td>County</td><td>County</td></tr><tr><td>Year</td><td></td><td></td><td></td></tr><tr><td>1920</td><td>10,522</td><td>22,807</td><td>11,386</td></tr><tr><td>1930</td><td>27,741</td><td>51,779</td><td>23,836</td></tr><tr><td>1940</td><td>57,301</td><td>92,661</td><td>28,871</td></tr><tr><td>1950</td><td>108,053</td><td>165,471</td><td>35,842</td></tr><tr><td>1960</td><td>167,690</td><td>221,573</td><td>45,021</td></tr><tr><td>1970</td><td>204,525</td><td>237,544</td><td>47,288</td></tr><tr><td>1980</td><td>232,119</td><td>268,215</td><td>58,013</td></tr><tr><td>1990</td><td>256,632</td><td>296,527</td><td>58,749</td></tr><tr><td>2000</td><td>277,454</td><td>313,645</td><td>67,138</td></tr><tr><td>2010</td><td>305,215</td><td>340,223</td><td>64,804</td></tr></table>		City of	Nueces	San Patricio		Corpus Christi	County	County	Year				1920	10,522	22,807	11,386	1930	27,741	51,779	23,836	1940	57,301	92,661	28,871	1950	108,053	165,471	35,842	1960	167,690	221,573	45,021	1970	204,525	237,544	47,288	1980	232,119	268,215	58,013	1990	256,632	296,527	58,749	2000	277,454	313,645	67,138	2010	305,215	340,223	64,804
	City of	Nueces	San Patricio																																																		
	Corpus Christi	County	County																																																		
Year																																																					
1920	10,522	22,807	11,386																																																		
1930	27,741	51,779	23,836																																																		
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2000	277,454	313,645	67,138																																																		
2010	305,215	340,223	64,804																																																		
Elevation:	Sea level to 85 feet, average 35 feet																																																				
Tidal Data:																																																					
Average Water Level:																																																					
Inner Harbor	+ 0.36 Mean Lower Low Water (MLLW)																																																				
Tidal Range:																																																					
Inner Harbor	Insignificant																																																				
Aransas Pass	1.5 feet																																																				
Aerial Clearance:																																																					
Harbor Bridge	138 feet (42.10 M)																																																				
Temperature:	Annual Average - 72.15° Average Low- 62.8° Average High- 81.5°																																																				
Average Seasonal Rainfall:	31.8																																																				

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Miscellaneous Statistical Data
December 31, 2019**

Public Docks:

Bulk liquid	15- Main Harbor
Bulk liquid	1- Ingleside
Dry cargo	8- Main Harbor
Dry cargo	1- Rincon
Bulk materials	2- Main Harbor
	<u>27</u>

Private Docks:

Bulk liquid	- Citgo	7- Main Harbor
	- Eagle Ford Terminals Corpus Christi, LLC	1- Main Harbor
	- Equistar	1- Main Harbor
	- EPIC Crude Terminal Company, LP	1- Main Harbor
	- Flint Hills	3- Main Harbor
	- Flint Hills	2- Ingleside
	- NuStar	1- Main Harbor
	- Buckeye	5- Main Harbor
	- Valero	6- Main Harbor
	- Moda Ingleside Energy Center, LLC	7- Ingleside
	- Occidental Chemical	2- LaQuinta
	- Cheniere	2- LaQuinta
Dry cargo	- Bay Inc.	2- Main Harbor
	- Heldenfels	1- Main Harbor
	- Texas Lehigh Cement	1- Main Harbor
	- Fordyce	1- Main Harbor
	- Tor Minerals International, Inc.	1- Rincon
	- Gulf Copper Harbor Island	1- Harbor Island
	- Gulf Marine Fabricators	1- Ingleside
	- Kiewit Offshore Services, Inc.	1- LaQuinta
	- Subsea ⁷	1- LaQuinta
	- voestalpine	1- LaQuinta
	- Signet Maritime	1- Jewell Fulton
Bulk materials	- ADM/Growmark	1- Main Harbor
	- Vulcan Materials	1- Main Harbor
	- Sherwin Alumina Site	2- La Quinta

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CONTINUING BOND DISCLOSURES



» Port of Corpus Christi Commission Chairman Charles W. Zahn, Jr., presents the 2019 State of the Port.



TABLE 18 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Port Commerce By Commodity
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	Prior Lien Senior Lien	Table 1: Table 1:
Commodity By Port Division -										
Short tons										
Inner Harbor										
Break Bulk	157,781	122,055	214,010	62,310	133,938	238,695	248,471	389,264	451,029	427,205
Grain	4,100,774	4,183,095	2,563,535	2,972,973	4,068,716	3,396,829	4,169,145	5,162,711	2,601,336	1,867,544
Chemical	37,814	58,377	58,066	41,198	99,979	135,841	105,512	99,706	106,263	116,909
Dry Bulk	2,038,029	2,821,831	2,317,603	2,805,899	3,639,556	3,834,620	3,548,129	2,798,319	2,868,385	3,509,844
Liquid Bulk	506,211	533,543	554,336	475,785	493,850	580,055	432,750	528,901	514,887	629,961
Crude	20,676,801	19,004,324	19,675,302	27,725,999	35,619,488	40,612,622	28,619,578	25,910,096	28,167,840	34,643,867
Petroleum	40,486,227	40,442,243	40,718,504	40,091,495	42,668,836	42,714,963	45,396,299	44,977,499	47,263,872	44,260,511
Total	68,003,637	67,165,468	66,101,356	74,175,660	86,724,363	91,513,625	82,519,884	79,866,496	81,973,612	85,455,841
La Quinta										
Break Bulk	1,369	-	-	3,551	105,282	111,346	85,069	163,313	170,135	139,143
Chemical	1,430,429	1,685,331	1,907,946	1,910,564	2,105,444	1,822,132	2,095,329	2,258,959	2,279,158	2,304,539
Dry Bulk	4,809,114	5,817,275	5,585,549	6,078,632	5,518,508	4,448,951	3,357,428	4,311,854	4,085,546	4,056,812
Crude	-	-	-	-	-	-	-	-	-	-
Petroleum	22,404	41,750	25,319	14,228	23,906	17,370	23,548	34,454	217,530	6,911,738
Total	6,263,316	7,544,356	7,518,814	8,006,975	7,753,140	6,399,799	5,561,374	6,768,580	6,752,369	13,412,232
Ingleside										
Break Bulk	169,609	175,551	175,287	263,119	31,458	58,348	12,271	2,020	67	25,628
Dry Bulk	7,012	4,615	10,742	829	5,274	2,804	345	4,383	273	-
Crude	6,322,979	4,630,072	3,445,503	4,871,560	5,891,206	4,904,927	5,982,277	15,733,332	17,497,170	23,258,262
Petroleum	1,392,450	700,757	1,511,714	1,556,391	195,976	598,584	216,184	15,913	13,861	18,466
Total	7,892,050	5,510,995	5,143,247	6,691,899	6,123,914	5,564,664	6,211,077	15,755,648	17,511,371	23,302,356
Rincon Point										
Break Bulk	10,500	9,025	1,669	-	-	-	-	1,124	54	-
Grain	12,503	31,726	15,312	11,235	1,600	-	-	-	-	-
Dry Bulk	12,291	48,647	25,790	5,835	-	-	-	-	-	-
Total	35,294	89,398	42,771	17,070	1,600	-	-	1,124	54	-
Total	82,194,297	80,310,217	78,806,188	88,891,604	100,588,017	103,478,088	94,292,335	102,391,848	106,237,406	122,170,429
Commodity Totals - Short tons										
Break Bulk	339,259	306,631	390,966	328,980	270,678	408,389	345,811	555,721	621,285	591,976
Grain	4,113,277	4,214,821	2,578,847	2,984,208	4,070,316	3,396,829	4,169,145	5,162,711	2,601,336	1,867,544
Chemical	1,468,243	1,743,708	1,966,012	1,951,762	2,205,423	1,957,973	2,200,842	2,358,665	2,385,421	2,421,448
Dry Bulk	6,866,446	8,692,368	7,939,684	8,891,195	9,163,338	8,286,375	6,905,901	7,114,556	6,954,204	7,566,656
Liquid Bulk	506,211	533,543	554,336	475,785	493,850	580,055	432,750	528,901	514,887	629,961
Crude (1)	26,999,780	23,634,396	23,120,805	32,597,560	41,510,694	45,517,549	34,601,855	41,643,428	45,665,010	57,902,129
Petroleum (1)	41,901,081	41,184,750	42,255,537	41,662,114	42,873,718	43,330,918	45,636,031	45,027,866	47,495,263	51,190,715
Total	82,194,297	80,310,217	78,806,188	88,891,604	100,588,017	103,478,088	94,292,335	102,391,848	106,237,406	122,170,429

(1) Crude and Petroleum were reported in prior CAFRs under the single category of Petroleum

TABLE 19 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Revenues by Source
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	Prior Lien Senior Lien 2018	Table 2: Table 2: 2019
Operating Revenues:										
Wharfage	\$ 26,567,587	\$ 27,410,252	\$ 31,293,692	\$ 35,688,217	\$ 42,288,896	\$ 45,779,919	\$ 42,337,275	\$ 46,948,819	\$ 50,487,100	\$ 63,467,357
Dockage	8,138,326	8,948,217	10,331,997	11,358,813	14,630,404	14,003,472	11,970,562	13,548,520	15,310,185	17,676,236
Security fees	6,170,288	6,319,747	6,528,526	7,325,584	6,460,860	6,673,782	6,070,139	6,686,343	9,014,385	11,299,077
Freight handling	2,316,667	2,387,583	2,191,682	2,815,582	3,133,303	3,153,285	3,463,593	3,892,661	4,033,418	3,437,356
Rail Charges	839,342	1,252,172	1,151,977	1,026,819	893,900	699,535	1,427,837	2,217,491	2,552,814	3,426,169
Building and land rentals	4,417,518	6,411,552	7,490,936	8,152,093	8,456,174	9,391,040	12,444,299	14,641,254	18,591,803	21,566,430
Conference center services	1,679,885	1,814,456	2,008,474	1,688,770	1,864,556	2,209,031	2,011,136	2,152,659	2,017,419	1,903,112
Warehouse handling charges	426,093	368,950	-	-	-	-	-	-	-	-
FTZ user fees	337,000	302,750	301,250	253,917	222,500	207,667	224,000	225,000	241,833	247,000
Dredge placement fees	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714	10,151,880	1,870,497	1,920,638	436,910	1,500
Other	1,390,425	2,107,663	1,170,509	1,004,387	2,539,138	1,152,244	1,202,624	2,041,419	2,930,524	3,681,585
Insurance proceeds, Hurricane Harvey	-	-	-	-	-	-	-	1,033,235	163,737	1,536,964
	<u>\$ 52,279,852</u>	<u>\$ 58,698,961</u>	<u>\$ 62,432,414</u>	<u>\$ 77,467,953</u>	<u>\$ 82,159,445</u>	<u>\$ 93,421,855</u>	<u>\$ 83,021,962</u>	<u>\$ 95,308,039</u>	<u>\$ 105,780,128</u>	<u>\$ 128,242,786</u>
Non-Operating Revenues:										
Other:										
Investment income	478,291	\$ 467,494	\$ 163,804	\$ 283,544	\$ 341,754	\$ 518,374	\$ 1,184,692	\$ 2,417,838	\$ 4,807,322	\$ 7,974,561
Federal and other grant assistance	60,806	\$ 169,966	\$ 337,965	\$ 290,727	\$ 180,655	\$ 227,714	\$ 152,412	\$ 146,950	\$ 266,930	\$ 877,920
Contributions from Harbor										
Bridge commitment	-	-	-	-	-	-	-	-	\$ 14,761,551	\$ 14,037,941
Donation of personal property	225,825	\$ 4,500	-	-	-	-	-	-	\$ -	-
Other	-	3,727,517	-	-	40,596	-	-	-	-	-
	<u>\$ 764,922</u>	<u>\$ 4,369,477</u>	<u>\$ 501,769</u>	<u>\$ 574,271</u>	<u>\$ 563,005</u>	<u>\$ 746,088</u>	<u>\$ 1,337,104</u>	<u>\$ 2,564,788</u>	<u>\$ 19,835,803</u>	<u>\$ 22,890,422</u>

TABLE 20 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Expenses by Type
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	Prior Lien 2018	Table 3: 2019
Operating Expenses:										
Maintenance and Operation:										
Employee services	\$ 8,374,106	\$ 7,810,947	\$ 8,258,807	\$ 7,324,312	\$ 8,304,043	\$ 9,993,556	\$ 9,478,572	\$ 9,948,833	\$ 9,646,909	\$ 10,736,455
Maintenance	3,538,398	5,136,098	4,896,773	3,679,718	6,122,959	3,667,189	4,367,556	3,707,172	4,024,567	6,216,284
Utilities	1,702,868	2,327,822	1,735,122	902,342	1,004,905	1,073,706	980,564	936,770	910,486	917,987
Telephone	35,286	101,960	94,604	85,538	80,639	78,674	90,885	88,096	85,140	91,916
Insurance & claims	2,266,112	2,099,345	2,311,581	2,023,472	1,911,090	1,745,262	1,520,100	1,336,484	1,493,288	1,629,166
Professional services	691,191	1,415,731	1,771,323	974,998	2,422,320	864,991	1,160,192	914,565	4,219,869	3,297,467
Police expenses	66,434	14,233	24,006	14,435	16,461	31,320	1,552,251	1,736,658	59,019	55,740
Contracted services	1,876,695	1,897,144	1,633,668	1,336,574	1,277,137	1,334,780	149,847	142,769	2,265,625	2,578,594
Office and equipment rental	73,983	142,778	65,037	55,691	79,023	109,355	96,681	126,387	104,596	139,756
Operator and event expenses	1,415,417	1,538,092	1,678,367	1,427,944	1,547,155	1,624,343	1,712,280	1,825,207	1,789,206	1,667,343
Warehouse supplies	9,037	8,024	-	-	-	-	-	-	-	-
Safety/Environmental	69,075	83,442	77,086	98,478	107,859	70,797	84,493	87,427	83,477	88,682
General	129,909	185,198	175,307	220,554	494,274	876,438	242,219	216,267	252,079	385,576
	<u>\$ 20,248,511</u>	<u>\$ 22,760,814</u>	<u>\$ 22,721,681</u>	<u>\$ 18,144,056</u>	<u>\$ 23,367,865</u>	<u>\$ 21,470,411</u>	<u>\$ 21,435,640</u>	<u>\$ 21,066,635</u>	<u>\$ 24,934,261</u>	<u>\$ 27,804,966</u>
General and Administrative:										
Employee services	\$ 7,692,080	\$ 7,224,377	\$ 7,423,777	\$ 7,272,765	\$ 8,001,279	\$ 10,549,722	\$ 11,446,283	\$ 12,891,866	\$ 13,209,034	\$ 14,953,056
Maintenance	453,408	501,087	509,303	530,688	648,221	759,004	948,956	756,368	1,038,631	1,058,811
Utilities	172,703	194,864	171,122	149,405	159,148	160,630	162,490	173,577	162,957	159,358
Telephone	196,626	115,447	100,921	73,896	83,776	91,439	97,984	99,596	118,665	166,452
Insurance & claims	124,620	92,492	97,774	429,990	99,451	109,887	148,816	124,462	117,385	232,747
Professional services	3,526,850	3,046,566	7,092,409	3,993,766	3,870,383	4,363,193	4,462,954	5,491,998	6,438,267	9,870,787
Police expenses	82	82	-	190	1,616	1,227	233	1,150	1,619	1,039
Contracted services	151,445	100,952	59,756	23,431	26,167	49,477	143,210	90,680	88,067	247,068
Office and equipment rental	59,809	65,104	76,941	92,118	86,761	99,176	123,574	158,778	148,149	86,383
Administrative	2,108,277	2,035,746	1,869,480	2,140,507	2,309,972	2,667,808	2,578,220	2,865,300	2,915,142	3,897,281
Trade and sales development	157,237	184,528	188,894	200,500	209,900	165,955	172,765	174,973	196,164	301,445
Media advertising	206,557	195,766	190,661	225,363	232,608	311,184	327,641	354,200	238,775	221,857
Production	25,678	24,222	21,774	33,424	41,061	74,566	23,768	39,581	55,459	55,766
Safety/Environmental	21,544	23,299	23,651	26,732	28,007	43,037	45,881	29,398	35,440	67,510
General	42,294	25,752	8,965	185,250	92,943	23,172	32,841	8,799	672,234	8,695
	<u>\$ 14,939,210</u>	<u>\$ 13,830,284</u>	<u>\$ 17,835,428</u>	<u>\$ 15,378,025</u>	<u>\$ 15,891,293</u>	<u>\$ 19,469,477</u>	<u>\$ 20,715,616</u>	<u>\$ 23,260,726</u>	<u>\$ 25,435,988</u>	<u>\$ 31,328,255</u>
Hurricane Harvey related repairs	-	-	-	-	-	-	-	233,054	963,247	2,361,711
Depreciation	\$ 12,165,114	\$ 13,381,562	\$ 13,738,571	\$ 12,024,981	\$ 12,310,557	\$ 12,822,653	\$ 13,140,057	\$ 13,377,640	\$ 14,149,761	\$ 14,661,500
Non-Operating Expenses:										
Interest	\$ 450,602	\$ 392,699	\$ (51,908)	\$ 16,986	\$ 535	\$ 2,030,505	\$ 2,973,844	\$ 3,650,348	\$ 7,697,446	\$ 13,002,641
Bond issuance expenses	-	-	-	-	-	1,139,597	-	-	1,993,237	-
Contributions to Harbor	-	-	-	-	-	-	1,885,410	1,287,176	1,786,441	1,517,492
Bridge commitment	-	-	-	-	-	-	3,067,638	4,846,936	3,061,064	3,000,636
Other	19,386	-	9,646,400	102,957	-	8,829,882	-	-	-	-
	<u>\$ 469,988</u>	<u>\$ 392,699</u>	<u>\$ 9,594,492</u>	<u>\$ 119,943</u>	<u>\$ 535</u>	<u>\$ 11,999,984</u>	<u>\$ 7,926,892</u>	<u>\$ 9,784,460</u>	<u>\$ 14,538,188</u>	<u>\$ 17,520,769</u>

OPERATING LEASES

The Authority leases to others certain land and improvements, and these leases are classified as operating leases. As of December 31, 2019 minimum lease revenues under these operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

Years Ending	
2020	\$ 19,421,007
2021	15,895,580
2022	12,654,712
2023	11,584,926
2024	11,528,968
Thereafter	134,020,140
Total	\$ 205,105,333

CAPITAL LEASES

The Authority entered into a lease agreement with Gulf Compress. Under the terms of the lease, Gulf Compress constructed 550,000 square feet of cotton warehouses on property owned by the Port at the proposed site of the La Quinta Container Terminal Facility. On January 21, 2005, the cotton warehouses were completed, and ownership was transferred to the Authority in consideration of a thirty year prepaid lease. Prepaid lease rentals will be amortized over the lease term as follows:

Years Ending	Totals
2020	\$ 457,040
2021	457,040
2022	457,040
2023	457,040
2024	457,040
Thereafter	4,547,885
Total	\$ 6,833,085

TABLE 22 (Unaudited)

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Changes in Net Position
Last Ten Years**

	2010	2011	2012	2013	2014	2015	2016	2017	Prior Lien Senior Lien	Table 6: Table 3:
Revenues										
Operating revenues:										
Wharfage	\$ 26,567,587	\$ 27,410,252	\$ 31,293,692	\$ 35,688,217	\$ 42,288,896	\$ 45,779,919	\$ 42,337,275	\$ 46,948,820	\$ 50,487,100	\$ 63,467,357
Dockage	8,138,326	8,948,217	10,331,997	11,358,813	14,630,404	14,003,472	11,970,562	13,548,519	15,310,185	17,676,236
Security fees	6,170,288	6,319,747	6,528,526	7,325,584	6,460,860	6,673,782	6,070,139	6,686,343	9,014,385	11,299,077
Freight handling	2,316,667	2,387,583	2,191,682	2,815,582	3,133,303	3,153,285	3,463,593	3,892,661	4,033,418	3,437,356
Rail Charges	839,342	1,252,172	1,151,977	1,026,819	893,900	699,535	1,427,837	2,217,491	2,552,814	3,426,169
Building and land rentals	4,417,518	6,411,552	7,490,936	8,152,093	8,456,174	9,391,040	12,444,299	14,641,254	18,591,803	21,566,430
Conference center services	1,679,885	1,814,456	2,008,474	1,688,770	1,864,556	2,209,031	2,011,136	2,152,659	2,017,419	1,903,112
Warehouse handling charges	426,093	368,950	-	-	-	-	-	-	-	-
FTZ user fees	337,000	302,750	301,250	253,917	222,500	207,667	224,000	225,000	241,833	247,000
Dredge placement fees	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714	10,151,880	1,870,497	1,920,638	436,910	1,500
Other	1,390,425	2,107,663	1,170,509	1,004,387	2,539,138	1,152,244	1,202,624	2,041,419	2,930,524	3,681,585
Insurance proceeds, Hurricane Harvey	-	-	-	-	-	-	-	1,266,289	163,737	1,536,964
Total operating revenues	52,279,852	58,698,961	62,432,414	77,467,953	82,159,445	93,421,855	83,021,962	95,541,093	105,780,128	128,242,786
Investment income	478,291	467,494	163,804	283,544	341,754	518,374	1,184,692	2,417,838	4,807,322	7,974,561
Federal and other grant assistance	60,806	169,966	337,965	290,727	180,655	227,714	152,412	146,950	266,930	877,920
Contributions from Harbor Bridge	-	-	-	-	-	-	-	-	-	-
Commitment	-	-	-	-	-	-	-	-	14,761,551	14,037,941
Donation of personal property	225,825	4,500	-	-	-	-	-	-	-	-
Gain on disposal of assets	-	3,727,517	-	-	40,596	-	-	-	-	-
Total Revenues	53,044,774	63,068,438	62,934,183	78,042,224	82,722,450	94,167,943	84,359,066	98,105,881	125,615,931	151,133,208
Expenses										
Operating expenses:										
Maintenance and operations	20,248,511	22,760,814	22,721,681	18,144,056	23,367,865	21,470,411	21,435,640	21,066,636	24,934,261	27,804,966
General and administrative	14,939,210	13,830,284	17,835,428	15,378,025	15,891,293	19,469,477	20,715,616	23,263,150	25,435,988	31,328,255
Hurricane Harvey related repairs	-	-	-	-	-	-	-	233,054	963,247	2,361,711
Depreciation	12,165,114	13,381,562	13,738,571	12,024,981	12,310,557	12,822,653	13,140,057	13,377,640	14,149,761	14,661,500
Total operating expenses	47,352,835	49,972,660	54,295,680	45,547,062	51,569,715	53,762,541	55,291,313	57,940,480	65,483,257	76,156,432
Interest expense and fiscal charges	450,602	392,699	(51,908)	16,986	535	2,030,505	2,973,844	3,650,348	7,697,096	13,002,641
Bond issuance costs	10,743	-	-	-	-	1,139,597	-	-	1,993,587	-
Fiscal payments to subrecipients	-	-	128,730	-	-	-	-	-	-	-
Contributions to Harbor Bridge Commitment	-	-	-	-	-	-	1,885,410	1,287,176	1,786,180	1,517,492
Contributions to other government agencies	-	-	-	-	-	3,000,000	3,000,000	4,415,092	3,000,261	3,000,000
Loss on disposal of assets	8,643	-	9,517,670	102,957	-	5,829,882	67,638	3,590	61,064	636
Loss on impairment of capital assets	-	-	-	-	-	-	-	428,254	-	-
Total Expenses	47,822,823	50,365,359	63,890,172	45,667,005	51,570,250	65,762,525	63,218,205	67,724,940	80,021,445	93,677,201
Income (Loss) Before Contributions	5,221,951	12,703,079	(955,989)	32,375,219	31,152,200	28,405,418	21,140,861	30,380,941	45,594,486	57,456,007
Capital Contributions	111,670,700	5,402,273	5,663,315	5,842,850	8,307,361	7,245,620	12,835,396	5,536,616	3,720,722	2,536,407
Changes in Net Position	116,892,651	18,105,352	4,707,326	38,218,069	39,459,561	35,651,038	33,976,257	35,917,557	49,315,208	59,992,414
Total Net Position, Beginning of Year	236,908,223	353,800,874	371,906,226	376,613,552	414,831,621	454,291,182	488,106,572	522,082,829	606,378,144	606,378,144
Cumulative Effect of Change in Accounting Principle	-	-	-	-	-	1,835,648	-	-	937,450	-
Total Net Position, End of Year	\$ 353,800,874	\$ 371,906,226	\$ 376,613,552	\$ 414,831,621	\$ 454,291,182	\$ 488,106,572	\$ 522,082,829	\$ 558,000,386	\$ 654,755,902	\$ 666,370,558
Net Position at Year End										
Net investment in capital assets	\$ 321,470,695	\$ 334,092,868	\$ 245,665,607	\$ 273,398,051	\$ 293,461,952	\$ 288,144,036	\$ 306,107,673	\$ 384,104,593	\$ 406,391,880	460,648,797
Restricted	1,927,662	1,924,226	252,763	32,683	35,522	36,153,709	36,031,915	21,222,100	23,479,447	24,756,790
Unrestricted	30,402,517	35,889,132	130,695,182	141,400,887	160,793,708	163,808,827	179,943,241	152,673,693	176,506,817	180,964,971
Total Net Position	\$ 353,800,874	\$ 371,906,226	\$ 376,613,552	\$ 414,831,621	\$ 454,291,182	\$ 488,106,572	\$ 522,082,829	\$ 558,000,386	\$ 606,378,144	\$ 666,370,558

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Debt Service
Requirements

								Prior Lien	Table 8 :
								Senior Lien	Table 5:
Fiscal	Senior Lien Revenue Bonds				Senior Lien Revenue Bonds				
Year Ended	Prior Lien Bonds	Series 2018A			Series 2018B			Total	
12/31	Debt Service	Principal	Interest	Total	Principal	Interest	Total	Debt Service	
2020	\$ 8,501,301	\$ -	\$ 4,594,950	\$ 4,594,950	\$ 2,000,000	\$ 5,240,378	\$ 7,240,378	\$ 20,336,629	
2021	8,500,421	1,595,000	4,594,950	6,189,950	2,230,000	5,181,638	7,411,638	22,102,009	
2022	8,503,096	1,675,000	4,515,200	6,190,200	2,300,000	5,111,794	7,411,794	22,105,090	
2023	8,499,491	1,755,000	4,431,450	6,186,450	2,375,000	5,037,780	7,412,780	22,098,721	
2024	8,498,662	1,845,000	4,343,700	6,188,700	2,455,000	4,958,978	7,413,978	22,101,340	
2025	8,502,199	1,935,000	4,251,450	6,186,450	2,540,000	4,874,157	7,414,157	22,102,806	
2026	8,499,250	2,035,000	4,154,700	6,189,700	2,630,000	4,783,860	7,413,860	22,102,810	
2027	8,500,912	2,135,000	4,052,950	6,187,950	2,725,000	4,686,577	7,411,577	22,100,439	
2028	8,501,049	2,245,000	3,946,200	6,191,200	2,830,000	4,584,416	7,414,416	22,106,665	
2029	8,498,426	2,355,000	3,833,950	6,188,950	2,935,000	4,476,905	7,411,905	22,099,281	
2030	8,499,863	2,475,000	3,716,200	6,191,200	3,050,000	4,361,002	7,411,002	22,102,065	
2031	8,499,034	2,595,000	3,592,450	6,187,450	3,175,000	4,237,507	7,412,507	22,098,991	
2032	8,501,449	2,725,000	3,462,700	6,187,700	3,305,000	4,107,364	7,412,364	22,101,513	
2033	8,499,352	2,860,000	3,326,450	6,186,450	3,440,000	3,970,239	7,410,239	22,096,041	
2034	8,502,283	3,005,000	3,183,450	6,188,450	3,585,000	3,825,794	7,410,794	22,101,527	
2035	8,499,319	3,155,000	3,033,200	6,188,200	3,760,000	3,651,025	7,411,025	22,098,544	
2036	-	3,280,000	2,907,000	6,187,000	3,945,000	3,467,725	7,412,725	13,599,725	
2037	-	3,445,000	2,743,000	6,188,000	4,135,000	3,275,406	7,410,406	13,598,406	
2038	-	3,620,000	2,570,750	6,190,750	4,340,000	3,073,825	7,413,825	13,604,575	
2039	-	3,800,000	2,389,750	6,189,750	4,550,000	2,862,250	7,412,250	13,602,000	
2040	-	3,990,000	2,199,750	6,189,750	4,780,000	2,634,750	7,414,750	13,604,500	
2041	-	4,190,000	2,000,250	6,190,250	5,015,000	2,395,750	7,410,750	13,601,000	
2042	-	4,400,000	1,790,750	6,190,750	5,270,000	2,145,000	7,415,000	13,605,750	
2043	-	4,620,000	1,570,750	6,190,750	5,530,000	1,881,500	7,411,500	13,602,250	
2044	-	4,850,000	1,339,750	6,189,750	5,810,000	1,605,000	7,415,000	13,604,750	
2045	-	5,090,000	1,097,250	6,187,250	6,100,000	1,314,500	7,414,500	13,601,750	
2046	-	5,345,000	842,750	6,187,750	6,405,000	1,009,500	7,414,500	13,602,250	
2047	-	5,615,000	575,500	6,190,500	6,725,000	689,250	7,414,250	13,604,750	
2048	-	5,895,000	294,750	6,189,750	7,060,000	353,000	7,413,000	13,602,750	
	\$ 136,006,107	\$ 92,530,000	\$ 85,355,950	\$ 177,885,950	\$ 115,000,000	\$ 99,796,870	\$ 214,796,870	\$ 528,688,927	

Totals are rounded to the nearest dollar

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Historical Debt Service Coverage
Last Ten Years**

							Senior Lien	<u>Table 6:</u>	
Year	Gross Revenues (1)	Maintenance and Operating Expenses(2)	Net Revenues Available for Debt Service	Debt Service Requirements			Annual Debt Service Coverage	Average Annual Debt Service(3)	Average Annual Debt Service Coverage
				Principal	Interest	Total			
2010	53,044,774	35,187,721	17,857,053	1,210,000	460,690	1,670,690	10.69	1,671,617	10.68
2011	63,068,438	36,591,098	26,477,340	1,265,000	408,405	1,673,405	15.82	1,671,259	15.84
2012	62,934,183	40,557,109	22,377,074	-	-	-	-	-	-
2013	78,042,224	33,522,081	44,520,143	-	-	-	-	-	-
2014	82,722,450	39,259,158	43,463,292	-	-	-	-	-	-
2015	93,903,115	40,939,888	52,963,227	-	2,115,973	2,115,973	25.03	8,500,323	6.23
2016	84,052,194	42,151,256	41,900,938	4,360,000	4,139,948	8,499,948	4.93	8,500,343	4.93
2017	97,336,565	44,329,786	53,006,779	4,395,000	4,105,722	8,500,722	6.24	8,500,322	6.24
2018	108,637,047	51,333,496	57,303,551	4,450,000	7,138,292	11,588,292	4.94	18,234,095	3.14
2019	132,872,595	61,494,932	71,377,663	4,530,000	13,803,917	18,333,917	3.89	18,230,653	3.92

(1) Gross revenues represent operating revenues, other than insurance reimbursements, and includes interest income not related to bond proceeds

(2) Operating expenses represent maintenance and operating, and general and administrative expenses and any other operating expenses paid in cash, excluding depreciation

(3) Average Annual Remaining Debt Service as of the end of the fiscal year

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXASProjected Operating Results and Debt Service Coverage
Next Four Years

	Prior Lien			Table 7:
	2020	2021	2022	2023
Operating Revenues:				
Wharfage	\$ 53,947,253	\$ 59,341,979	\$ 62,309,078	\$ 65,424,532
Dockage	15,024,801	16,527,281	17,353,645	18,221,327
Security	9,604,215	10,564,637	11,092,869	11,647,512
Freight handling	2,921,753	3,213,928	3,374,624	3,543,355
Rail charges	2,912,244	3,203,468	3,363,641	3,531,823
Building and land rentals	18,331,466	20,164,612	21,172,843	22,231,485
Conference center services	725,000	1,903,112	1,998,268	2,098,181
FTZ user fees	237,000	237,000	237,000	237,000
Dredge placement fees	18,500,000	1,500,000	1,500,000	1,500,000
Other revenue	3,129,347	3,442,282	3,614,396	3,795,116
Total Operating Revenues	125,333,079	120,098,298	126,016,363	132,230,331
Operating Expenses:				
Direct expenses, excluding depreciation	28,995,923	30,445,719	31,054,633	31,675,726
Indirect expenses, excluding depreciation	33,939,026	35,635,977	36,348,697	37,075,671
Total Operating Expenses	62,934,949	66,081,696	67,403,330	68,751,397
Other Revenues (Expenses):				
Investment Income, excluding proceeds on debt and funds reserved for debt service	1,500,000	1,875,000	1,750,000	1,250,000
Total Other Revenues (Expenses)	1,500,000	1,875,000	1,750,000	1,250,000
Net Operating Revenues Available for Debt Service	\$ 63,898,130	\$ 55,891,602	\$ 60,363,033	\$ 64,728,935
Debt Service-Prior Lien	8,501,301	8,500,421	8,503,096	8,499,491
Debt Service-Senior Lien	11,835,328	13,601,588	13,601,994	13,599,230
Total Debt Service	\$ 20,336,629	\$ 22,102,009	\$ 22,105,090	\$ 22,098,721
Prior Lien Bond Debt Service Coverage	7.52	6.58	7.10	7.61
Total Bond Debt Service Coverage	3.14	2.53	2.73	2.93

See Table 23 - Debt Service Requirements, for the debt service requirements on the bonds.

This table contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

The projected results shown in the table contain a high level of uncertainty due to the existing risk from the COVID-19 pandemic's impact on consumer and industry demand for finished products and crude oil exports, two groups of commodities that comprise a majority of the Authority's shipments. The Authority projects a significant retracement from 2019's record shipment and profitability levels to occur in the second quarter of 2020 and remain in place for the entire year, resulting in an average drop of 25% in quarters two through four. We expect an improvement in shipments and revenue in 2021 to something better than 2020 but less than 2019 levels, and a return to close to 2019 levels by 2022. The Authority will take prudent and necessary steps to control costs throughout the impacted time frame to levels that continue to allow for acceptable profitability and cash generation.

Prior Lien Table 9:**PENSION PLAN****Plan Description**

The Authority provides pension, disability, and death benefits for all its full-time employees through a nontraditional defined benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS). This is accounted for as an agent multiple-employer defined benefit pension plan. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 781 defined benefit pension plans which function similarly to cash balance-account plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at Barton Oaks Plaza IV, Suite 500, 901 South MoPac Expressway, Austin, Texas 78746 or is available on their website at www.tcdrs.org.

Benefits Provided

The plan provisions are adopted by the governing body of the Authority, within the options available in the state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 5 or more years of service or with 30 years regardless of age or when the sum of their age and years of service equals 75 or more. Members are vested after 5 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the Authority within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. By law, employee accounts earn 7% interest. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. At retirement, the employee's account is matched at a percentage adopted by the Authority's governing body and the current match is 125%. There are no automatic post-employment benefit changes, including automatic cost-of-living adjustments. Ad hoc post-employment benefit changes, including cost-of-living adjustments can be granted by the governing body of the Authority within guidelines of the TCDRS.

Contributions

The Authority has elected the Annually Determined Contribution Rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the Authority is actuarially determined annually as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

The actuarially determined rate for the calendar year 2019 was 4.03 percent, however the governing body of the Authority adopted the rate of 7 percent for calendar year 2019. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act. Employee and Authority contributions were \$1,259,909 and \$1,259,909, respectively for the year ended December 31, 2019.

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Pension Plan
December 31, 2019**

Employees Covered by Benefit Terms

At the measurement date, the following employees were covered by the benefit terms:

	December 31, 2018
Retirees or beneficiaries currently receiving benefits	113
Inactive employees entitled to but not yet receiving benefits	64
Active employees	218
	395

Actuarial Assumptions

The actuarial assumptions that determined the total net pension liability as of December 31, 2019 was based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB Statement 68.

The actuarial valuations were determined using the following actuarial assumptions:

Actuarial Valuation Date	December 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Long-term investment Rate of Return	8.10%
Discount Rate	8.10%
Inflation Rate	2.75%
Projected Salary Increase Rates:	
General Wage Inflation	3.25%
Merit, Promotion, Longevity	1.60%
Total Projected Salary Increase Rate	4.85%
Cost-of-Living Adjustment	0%
Retirement Age	Experience-based table with rates of retirement ranging from 4.5% at ages 40-44 to 22% at age 74; for all eligible members ages 75 and older, retirement is assumed to occur immediately
Disability	Experience-based table with rates of disability ranging from .008% at age 28 to .27% at age 59; members who become disabled are eligible to commence benefit payments regardless of age
Mortality-for the actuarial valuation:	
Depositing members	90% of the RP-2014 Active Mortality Table, projected with 110% of the MP-2014 Ultimate scale after 2014
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014

Discount Rate

The discount rate used to determine the total pension liability as of December 31, 2019 was 8.10%. The discount rate was determined using an alternative method to determine the sufficiency of the fiduciary net position in all future years. This method reflects the funding requirements under the Authority's funding policy and the legal requirements under the TCDRS Act as follows:

- 1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20 year closed layered periods.
- 2) Under the TCDRS Act, the Authority is legally required to make the contribution specified in the funding policy.
- 3) The Authority's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the Authority is still required to contribute at least the normal cost.
- 4) Any increased cost due to the adoption of a cost-of living adjustment is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position was determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system the fiduciary net position as a percentage of total pension liability is expected to increase from its current level in future years. Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the Authority is equal to the long-term assumed rate of return on investments of 8.10% for both years presented.

Discount Rate Sensitivity Analysis

The following presents the net pension liability of the Authority, calculated using the discount rate of 8.10%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.10%) or one percentage point higher (9.10%) than the current rate.

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Net pension liability/ (asset)	\$ 8,362,675	\$ 2,076,256	\$ (3,334,801)

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Pension Plan
December 31, 2019**

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are based on January, 2019 information for a ten year time horizon. The valuation assumption for long-term expected return is re-assessed a minimum of every four years, and is set based on a 30 year time horizon, the most recent analysis was performed in 2017.

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
U.S. Equities	Dow Jones U.S. Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
International Equities- Developed Markets	MSCI World Ex USA (net)	10.00%	5.40%
International Equities- Emerging Markets	MSCI EM Standard (net) Index	7.00%	5.90%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities Index (4)	2.00%	7.20%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (5)	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	13.00%	3.90%

(1) Target Asset Allocation was adopted at the April, 2019 TCDRS Board meeting

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.70%, per Clifwater's 2019 capital market assumptions

(3) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

(5) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Pension Plan
December 31, 2019**

Net Pension Liability

The Net Pension Liability is the difference between the Total Pension Liability and the plan's Fiduciary Net Position. For the year ended December 31, 2019, the Authority's Net Pension Liability was measured as of December 31, 2018, and the Total Pension Liability was determined by an actuarial valuation as of that date.

The changes in net pension liability for the measurement date of December 31, 2018 based on the actuarial date of December 31, 2018 is reflected below:

Changes in Net Pension Liability	Increase (Decrease)		Net Position Liability/ (Asset)
	Total Pension Liability	Fiduciary Net Position	
Balances as of December 31, 2017	\$ 52,412,941	\$ 55,281,256	\$ (2,868,315)
Changes for the Year:			
Service cost	1,706,000	-	1,706,000
Interest on total pension liability(1)	4,286,314	-	4,286,314
Effect of plan changes(2)	-	-	-
Effect of economic/demographic gains or losses	168,127	-	168,127
Refund of contributions	(147,689)	(147,689)	-
Benefit payments	(2,302,993)	(2,302,993)	-
Administrative expenses	-	(43,410)	43,410
Member contributions	-	1,145,090	(1,145,090)
Net investment income	-	(1,031,672)	1,031,672
Employer contributions	-	1,145,090	(1,145,090)
Other(3)	-	772	(772)
Balances as of December 31, 2018	\$ 56,122,700	\$ 54,046,444	\$ 2,076,256

1) Reflects the change in the liability due to the time value of money

2) No plan changes valued

3) Relates to allocation of system-wide items

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Pension Plan
December 31, 2019**

For the year ended December 31, 2019 the Authority recognized pension expense as follows:

	January 1, 2018 to December 31, 2018
Service cost	\$ 1,706,000
Interest on total pension liability	4,286,314
Administrative expenses	43,410
Member contributions	(1,145,090)
Expected investment return net of investment expenses	(4,469,714)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(39,443)
Recognition of assumption changes or inputs	110,390
Recognition of investment gains or losses	1,508,135
Other (allocated system-wide items)	(772)
Pension expense	\$ 1,999,230

For the year ended December 31, 2019 the Authority recorded deferred outflows and inflows of resources related to the pension as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 229,604	\$ 493,527
Changes of assumptions	291,833	-
Net difference between projected and actual earnings	3,484,245	-
Contributions made subsequent to measurement date	1,259,909	-
Total	\$ 5,265,591	\$ 493,527

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$1,259,909 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2019 (i.e. recognized in the Authority's financial statements December 31, 2019).

Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2019	\$ 1,453,112
2020	508,074
2021	406,747
2022	1,144,222
Total	\$ 3,512,155

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Current Investments
December 31, 2019**

Prior Lien Table 10:

Senior Lien Table 4:

CASH MANAGEMENT

The Authority's investments at December 31, 2019 are shown below:

Investment Type	2019		Weighted Average Maturity (Days)	Credit Risk
	Carrying Value	Fair Value		
Money market funds	\$ 8,213,018	\$ 8,213,018	1	
Commercial Paper	43,903,729	43,903,729	1	
Local government pool	104,838,586	104,838,586	1	AAA
United States agencies	130,072,673	130,072,673	721	AAA
United States treasuries	15,000,585	15,000,585	273	AAA
Total	302,028,591	302,028,591		
Short-term investments included in cash and cash equivalents	113,051,604	113,051,604		
Equity in Total Investments	\$ 188,976,987	\$ 188,976,987		
Portfolio Weighted Average Maturity			329	



SINGLE AUDIT SECTION



» GCCM South Texas Cement Terminal crane arrives.



PORT CORPUS CHRISTI®

Port of Corpus Christi Authority of Nueces County, TX



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

April 17, 2020

Port Commissioners
Port of Corpus Christi Authority
of Nueces County, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the State of Texas, *Single Audit Circular*, the financial statements of the Port of Corpus Christi Authority (the Authority) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 17, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Collier, Johnson & Woods

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

April 17, 2020

Port Commissioners
Port of Corpus Christi Authority
of Nueces County, Texas

Report on Compliance for Each Major Federal Program

We have audited the Port of Corpus Christi Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2019. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

Collier, Johnson & Woods

PORT OF CORPUS CHRISTI AUTHORITY
FEDERAL SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2019

I. Summary of Audit Results:

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Port of Corpus Christi Authority.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the "Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."
3. No instances of noncompliance material to the financial statements of the Port of Corpus Christi Authority which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the "Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance."
5. The auditor's report on compliance for major Federal award programs for the Port of Corpus Christi Authority expresses an unmodified opinion on all major programs.
6. There are no audit findings to be reported in accordance with Uniform Guidance.
7. The programs tested as major programs included:
U.S Department of Homeland Security:
97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)
8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The Authority was determined to be a low-risk auditee.

II. Findings related to the financial statements – None

III. Findings and questioned costs for Federal awards – None

IV. Prior year audit findings requiring corrective action – None

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

April 17, 2020

Port Commissioners
Port of Corpus Christi Authority
of Nueces County, Texas

Report on Compliance for Each Major State Program

We have audited the Port of Corpus Christi Authority's (the Authority) compliance with the types of compliance requirements described in *the State of Texas Single Audit Circular* that could have a direct and material effect on each of the Authority's major state programs for the year ended December 31, 2019. The Authority's major state programs are identified in the summary of auditor's results section of the accompanying state schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Texas Single Audit Circular* issued by the Governor's Office of Budget and Planning. Those standards and the Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination on the Authority's compliance.

Opinion on Each Major State Program

In our opinion, the Port of Corpus Christi Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2019.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Texas Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Collier, Johnson & Woods

PORT OF CORPUS CHRISTI AUTHORITY

STATE SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2019

I. Summary of Audit Results:

- a. The auditor's report expresses an unmodified opinion on the basic financial statements of the Port of Corpus Christi Authority.
- b. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the "Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."
- c. No instances of noncompliance material to the financial statements of the Port of Corpus Christi Authority which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
- d. No significant deficiencies or material weaknesses relating to the audit of the major state award programs are reported in the "Independent Auditor's Report on Compliance with Each Major State Program and on Internal Control over Compliance in Accordance with State of Texas Single Audit Circular."
- e. The auditor's report on compliance for major State award programs for the Port of Corpus Christi Authority expresses an unmodified opinion on all major programs.
- f. There are no audit findings that are required to be reported in accordance with Section 510(a) of State of Texas Single Audit Circular.
- g. The programs tested as major programs included:

Texas Department of Transportation:

CSJ0916-35-221 Construction of Truck Queuing Lane at Joe Fulton International Trade Corridor
- h. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i. The Authority was determined to be a low-risk auditee.

II. Findings related to the financial statements – None

III. Findings and questioned costs for state awards – None

IV. Prior year audit findings requiring corrective action – None

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS
SCHEDULE OF FEDERAL/STATE EXPENDITURES OF AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Federal Assistance			
U.S. Department of Homeland Security			
Direct Programs			
Port Security Grant #16	97.056	EMW-2016-PU-00242	\$ 379,391
Port Security Grant #19	97.056	EMW-2019-PU-00375	123,320
Total U.S. Department of Homeland Security			502,711
U.S. Department of Justice			
Direct Programs			
Federal Equitable Sharing Agreement	16.922	3290-04-F-0096	2,467
Federal Equitable Sharing Agreement	16.922	3290-04-F-0097	2,808
Federal Equitable Sharing Agreement	16.922	05-DEA-453892	847
Federal Equitable Sharing Agreement	16.922	05-DEA-454283	61
Total U.S. Department of Justice			6,183
Total Direct Programs			508,894
U.S. Department of Homeland Security			
Passed through Office of the Texas Governor-Division of Emergency Management			
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	DR 4332	114,103
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	DR 4332	15,473
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	DR 4332	12,625
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	DR 4332	18,675
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	DR 4332	93,371
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	DR 4332	17,494
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	DR 4332	122,264
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	DR 4332	43,446
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	DR 4332	12,428
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	DR 4332	54,179
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	DR 4332	12,430
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	DR 4332	99,765
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	DR 4332	7,644
Total Office of the Texas Governor-Division of Emergency Management			623,897
Total Passed Through Programs			623,897
Total Federal and passed through assistance			1,132,791
Texas Department of Public Safety			
Rifle Resistant Body Armor		3767701	3,688
Total Texas Department of Public Safety			3,688
Texas Department of Transportation			
Construction of Nueces River Rail Yard Phase II		CSJ0916-35-172	1,044,502
Construction at Intersection of Joe Fulton International Trade Corridor		CSJ0916-35-220	248,151
Construction of Truck Queuing Lane at Joe Fulton International Trade Corridor		CSJ0916-35-221	991,378
Total Texas Department of Transportation			2,284,031
Total State Assistance			2,287,719
Total Federal, State and passed through assistance			\$ 3,420,510

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL/STATE
AWARDS FOR THE YEAR ENDED DECEMBER 31, 2019

1. **General**

The accompanying Schedule of Expenditures of Federal/State Awards presents the activity of all Federal and State financial assistance programs of Port of Corpus Christi Authority of Nueces County, Texas (Authority). The Authority's reporting entity is defined in the notes to the Authority's financial statements. All Federal financial assistance received directly from Federal agencies and passed through other government agencies is included on the schedule, as well as all State assistance.

2. **Basis of Accounting**

The accompanying Schedule of Expenditures of Federal/State Awards is presented using the accrual basis of accounting, which is described in the Notes to the Authority's financial statements.





» Port Commission and staff join community leaders to break ground on the new administration building.



PORT CORPUS CHRISTI®

Port of Corpus Christi Authority of Nueces County, TX