



2021 OPERATING & CAPITAL BUDGET



Approved by Commission November 17, 2020

Forward Looking Statements

The information in this presentation 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. Readers are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.



EXECUTIVE SUMMARY



2021 Budget – Executive Summary

- 2020 Overperformed Budget
 - Crude exports rebounded quicker than expected after Q2 demand destruction
 - Cost control measures undertaken in April were effective
 - Record revenues and profits for fourth year in a row
- 2021 Revenue and Earnings will decline, but remain healthy
 - Reduced crude export levels
 - Increased spending on Maintenance in dredging, oil and cargo docks
- 2021 Capital spending will be highest in PCCA history at \$294 million
 - Key Projects
 - Beginning of Harbor Island project
 - Channel dredging and pipeline relocations
 - Strategic and targeted land acquisition
 - Completion of new PCCA Administration Building
- PCCA cash position is sufficient to handle funding demands



INCOME STATEMENT DETAIL



2021 BUDGET INCOME STATEMENT

	2019 Actual	Prior 12 Months	2020 Projected	2020 Budget	2021 Budget
Operating Revenues					
Wharfage	\$ 63,467,357	\$ 74,031,300	\$ 75,366,431	\$ 71,514,749	\$ 71,132,256
Building and Land Rentals	21,564,930	24,967,861	19,097,024	20,603,832	21,706,248
Dockage	17,676,236	17,929,271	17,540,899	19,298,207	17,762,976
Security	12,288,347	13,653,075	12,830,041	12,119,085	12,428,831
Dredging Revenue	1,500	2,508,381	8,036,951	2,621,400	5,837,311
Rail Charges	3,426,169	3,275,090	3,019,752	3,691,931	3,857,500
Freight Handling	2,603,254	2,642,340	2,401,107	2,446,465	2,562,186
Conference Center Services	2,301,580	1,681,325	773,023	1,900,093	570,395
All Other Revenue	3,463,212	4,032,931	4,816,581	3,055,736	3,408,317
Operating Revenues	126,792,585	144,721,574	143,881,808	137,251,498	139,266,019
Operating Expenses					
Employee Services	25,689,511	27,760,541	28,473,660	29,505,512	29,593,921
Maintenance	7,287,024	9,119,344	8,805,126	11,226,430	16,077,521
Professional Services	13,168,254	13,261,976	12,271,989	13,229,150	12,526,771
Promotion and Development	1,887,957	3,478,532	3,900,000	2,745,040	4,177,981
Insurance	1,861,913	2,083,730	2,140,094	1,962,354	2,866,611
Administrative Expenses	2,044,354	1,904,757	1,386,822	2,636,900	2,757,921
Contracted Services	2,825,661	2,892,641	2,846,256	2,256,473	2,369,250
Utilities	1,077,345	1,008,924	956,001	1,110,747	1,112,943
Operator and Event Expenses	1,667,060	1,360,777	901,272	1,698,729	1,027,325
All Other Expenses	2,034,535	1,960,678	1,563,923	3,556,386	2,231,707
Operating Expenses	59,543,614	64,831,900	63,245,142	69,927,721	74,741,951
EBITDA	67,248,971	79,889,674	80,636,667	67,323,777	64,524,068
Depreciation	14,661,501	14,953,481	14,706,408	16,196,111	20,955,678
EBIT	52,587,470	64,936,193	65,930,259	51,127,666	43,568,390



2021 BUDGET INCOME STATEMENT

	2019 Actual	Prior 12 Months	2020 Projected	2020 Budget	2021 Budget
Non-Operating Revenue(Expenses)					
Interest Income	\$ 7,974,562	\$ 5,946,643	\$ 4,449,107	\$ 3,000,000	\$ 2,000,000
Other Income	2,738,017	2,098,594	458,720	0	5,527
Gain(Loss) Sale of Assets	(636)	67	-	-	-
Interest/Bond Issuance Expenses	(13,002,641)	(12,941,679)	(12,863,438)	(13,701,625)	(12,676,796)
Other Expenses	(5,361,710)	(1,855,425)	(1,047,119)	-	(841)
Hillcrest Expenditures	(1,517,492)	268,028	(2,294,552)	(2,000,000)	-
Hillcrest Reimbursement-TXDOT	14,037,941	11,433,760	6,574,379	8,000,000	1,250,000
Non-Operating Revenue(Expenses)	4,868,041	4,949,988	(4,722,903)	(4,701,625)	(9,422,110)
Net Income (Loss)	\$ 57,455,511	\$ 69,886,181	\$ 61,207,356	\$ 46,426,041	\$ 34,146,280



Tonnage and Revenue



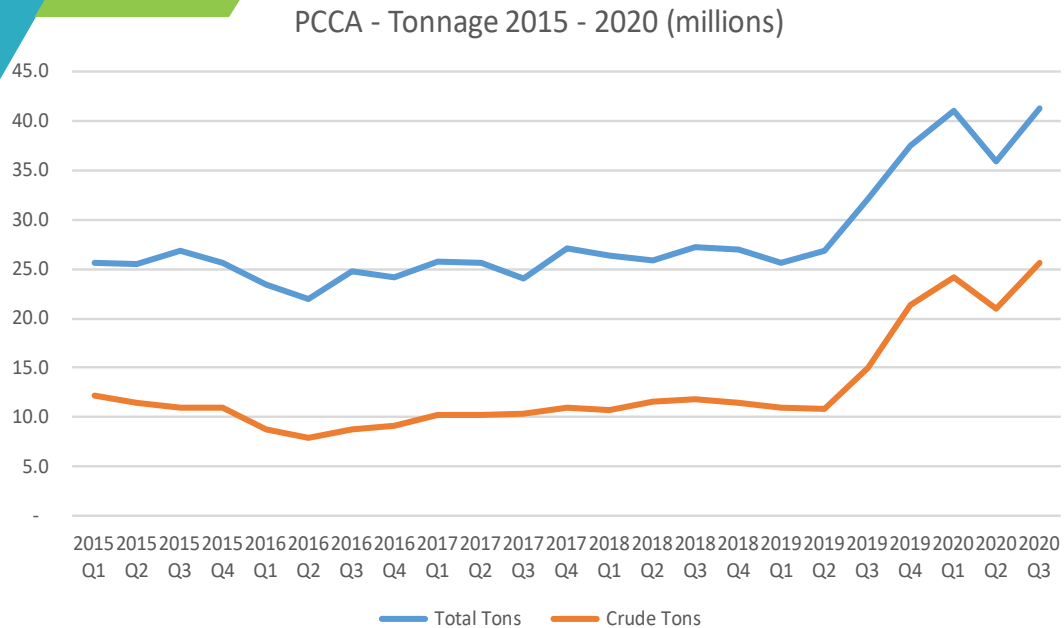
Tonnage History

- 2020 Up's and Down's

- Unprecedented demand destruction in finished products
 - Refineries, Maverick Terminals
- Significant rebound in Agricultural shipments
- LNG shipments dropped close to zero in May – July, but rebounded significantly over the past 2 months

- Crude Oil exports fundamentally changed the outlook of PCCA in 2019

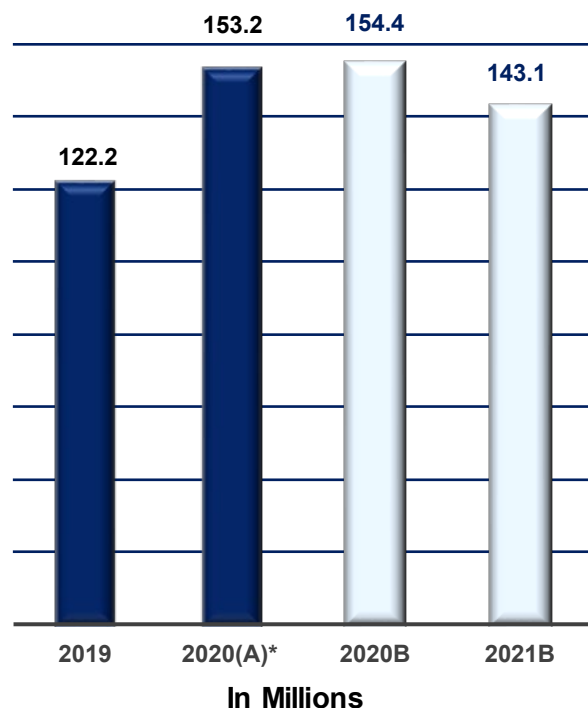
- Crude exports dropped in Q2 along with everything else, but still at levels 2.5X historical tonnage
- Quick recovery in Q3, with new records in July and August



Tonnage Projections – 2021 Budget

Tonnage

■ Actual ■ Budget

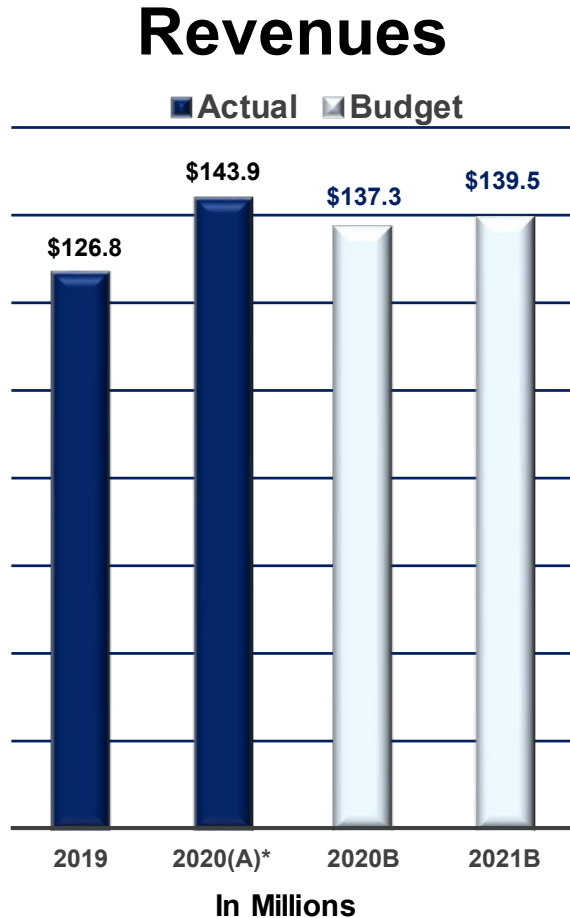


	2019	2020(A)*	2020B	2021B	2021 vs 2020
Crude Oil	58,398,609	92,825,613	86,626,126	79,269,305	-14.6%
Refined Products	29,403,179	24,742,252	28,515,320	24,742,252	0.0%
Other Petro Products	14,978,976	14,908,872	17,254,837	14,908,872	0.0%
LNG	6,841,853	7,439,625	10,378,959	10,639,625	43.0%
Dry Bulk (non-Ag)	7,671,664	7,575,757	7,673,643	7,825,757	3.3%
Agricultural	2,497,505	3,594,795	2,027,563	3,594,795	0.0%
NGL	1,786,668	1,442,021	113,547	1,442,021	0.0%
Break Bulk	591,975	702,131	1,841,924	702,131	0.0%
Total Tonnage	122,170,429	153,231,067	154,431,919	143,124,758	-6.6%

- 2021 Budget reflects decline in crude exports to 1.28 mbpd, which is mid range of analyst projections
 - PCCA has averaged 1.59 mbpd in 2021, so projecting a retracement
 - 2021 Budget assumes no new revenues from additional oil export terminals
- LNG growth assumes only return to early 2020 run rate
 - No growth assumed in 2021 from new production capability
- SDI half volumes in 2021
- All other commodities left at 2020 averages, which obviously had significant swings



Revenue Projections

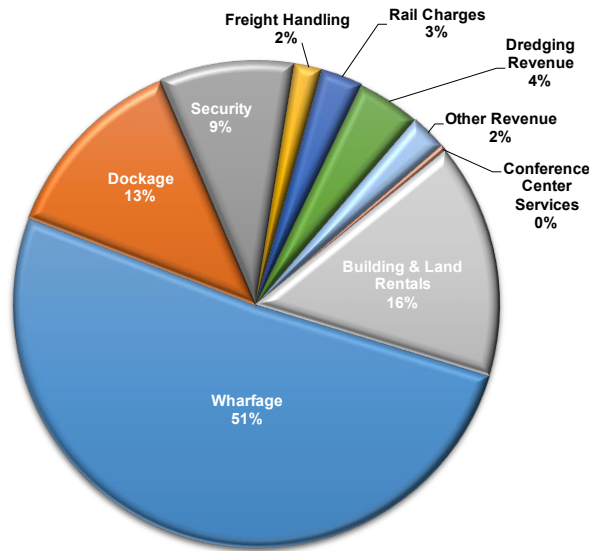


- 2020 Actuals likely to exceed 2020 Budget on back of quick recovery in crude exports as shut-in wells came back online quickly
- 2021 Revenue Budget built in identical manner to tonnage – customer by customer
 - Includes 1.34% PPI increase in tariffs
 - lowest since Port started annual tariff increases
 - generates \$1.3 million incremental revenue
- Projecting decline in crude exports for 2021 reflective of lack of rig count in Permian



2021 Revenue Detail

	2020(A)*	2020B	2021B
Wharfage	\$ 75,366,431	\$ 71,514,749	\$ 71,132,256
Building & Land Rentals	\$ 19,097,024	\$ 20,603,832	\$ 21,706,248
Dockage	\$ 17,540,899	\$ 19,298,207	\$ 17,762,976
Security	\$ 12,830,041	\$ 12,119,085	\$ 12,428,831
Other Revenue	\$ 4,816,581	\$ 3,055,736	\$ 3,408,317
Dredging Revenue	\$ 8,036,951	\$ 2,621,400	\$ 5,837,311
Rail Charges	\$ 3,019,752	\$ 3,691,931	\$ 3,857,500
Freight Handling	\$ 2,401,107	\$ 2,446,465	\$ 2,562,186
Conference Center Services	\$ 773,023	\$ 1,900,093	\$ 570,395
Total Revenues	\$143,881,808	\$137,251,498	\$139,266,019



- Wharfage continues to dominate our revenue stream with many crude exports going to franchise docks
- Building and Land Rentals became second largest revenue stream in 2018
 - Revaluation of land values
 - Higher value for easements
 - Higher volume of land transactions
- Expecting Ortiz revenue to remain low for at least one more year

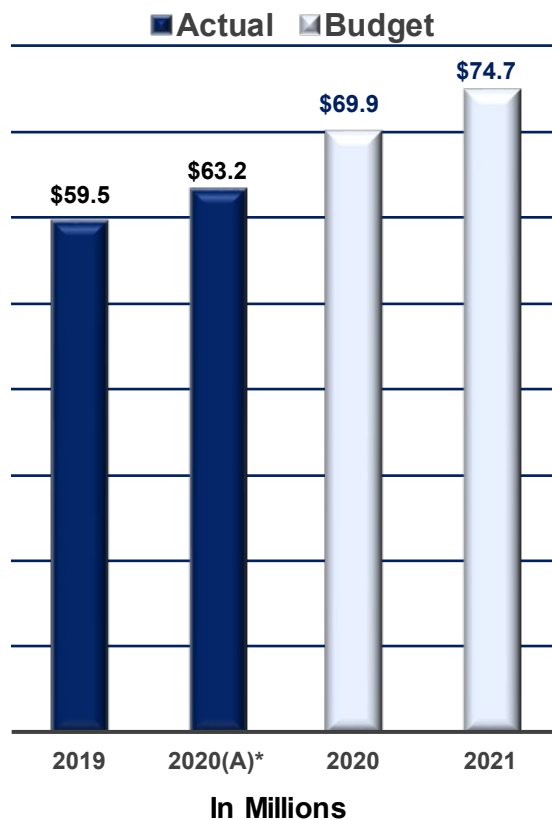


EXPENSE



Operating Expense Projections

Operating Expenses

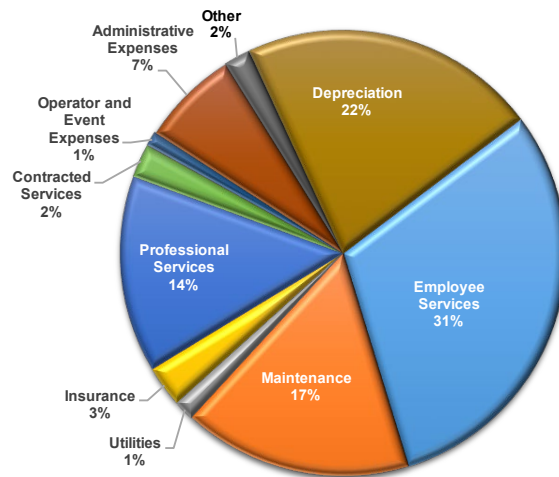


- 2020 Expenses, excluding depreciation, expected to be 9% below budget
 - In response to expected shortfalls in revenue, austerity measures put in place in April 2020
 - Hiring freeze on new positions
 - Restrictions on travel, training, vehicle purchases
 - Higher than expected legal expenses kept us from 10% goal
- 2021 Expenses expected to increase
 - Headcount remaining flat from prior year budget
 - Proposed maintenance increases continue to make up for prior years of deferral
 - Travel not returning to pre-Covid levels in 2021
 - Increase in P&D spending based on slightly higher revenue than assumed for 2020
- Staff continuing to work on identifying cost reductions to preserve earnings



2021 Expense Detail

	2020(A)*	2020	2021
Employee Services	\$ 28,473,660	\$ 29,505,512	\$ 29,593,921
Maintenance	\$ 8,805,126	\$ 11,226,430	\$ 16,077,521
Professional Services	\$ 12,271,989	\$ 13,229,150	\$ 12,526,771
Promotion and Development	\$ 3,900,000	\$ 2,745,040	\$ 4,177,981
Insurance	\$ 2,140,094	\$ 1,962,354	\$ 2,866,611
Administrative Expenses	\$ 1,386,822	\$ 2,636,900	\$ 2,757,921
Contracted Services	\$ 2,846,256	\$ 2,256,473	\$ 2,369,250
Utilities	\$ 1,242,015	\$ 1,350,364	\$ 1,480,425
Operator and Event Expenses	\$ 901,272	\$ 1,698,729	\$ 1,027,325
All Other Expenses	\$ 1,277,909	\$ 3,316,769	\$ 1,864,225
Total Operating Expenses	\$ 63,245,142	\$ 69,927,721	\$ 74,741,951
Depreciation	\$ 14,706,408	\$ 16,196,111	\$ 20,955,678
Total Expenses	\$ 77,951,550	\$ 86,123,832	\$ 95,697,629



- Employee Services remains our largest expense, but will see slight increase from 2020 due to full year impact of 2020 hires
 - Expected COLA increase of 1%
- Maintenance projects increasing for needed repairs on existing Public Oil Docks and Cargo Docks after years of deferred maintenance, plus significant spending on maintenance dredging (partially offset by revenue)
- Professional Services in 3 primary categories
 - Legal – settlement of large case in 2020 should allow legal expenses to drop in 2021
 - Engineering and Environmental – several large items either ongoing or proposed
 - External Affairs and Other Consultants
- P&D Fund growth to maintain 3% target, along with return of travel by mid-year



Maintenance Expenses

Maintenance			
	2020(A)*	2020B	2021B
Maintenance Projects	\$ 6,172,730	\$ 7,783,700	\$ 12,017,000
Computer Equipment	\$ 793,547	\$ 717,069	\$ 861,900
Facilities	\$ 551,771	\$ 452,568	\$ 721,250
Environmental Projects	\$ 117,932	\$ 366,000	\$ 594,250
Machinery	\$ 325,741	\$ 444,096	\$ 524,234
Autos and Trucks	\$ 256,010	\$ 335,598	\$ 345,884
Waterborne Craft	\$ 100,663	\$ 170,344	\$ 234,688
Security Equipment	\$ 83,431	\$ 142,500	\$ 245,000
Telephone and Radio Equipment	\$ 100,138	\$ 556,002	\$ 261,057
All Others	\$ 303,162	\$ 258,553	\$ 272,258
Total	\$ 8,805,125	\$ 11,226,430	\$ 16,077,521

- Maintenance costs dominated by maintenance project list, primarily for needed maintenance on Port owned oil docks and cargo docks, and annual maintenance dredging
- Computer maintenance increasing as more technology deployed during pandemic to allow remote work
- Environmental projects for air monitoring at bulk terminal under new operating arrangement



Key Maintenance Projects - 2021

Maintenance Projects - Engineering and Maintenance	Amount
Annual Dredging Services and routine slip maintenance	
Structural Repairs and Cathodic Protection at OD's 8&9	
General Oil Dock Facility Repairs and Maintenance	
General Maintenance at Bulk Terminal	
Cargo Dock 9 Structural Repairs	
Maintenance Projects at Ortiz Center	
General Maintenance of Property, Buildings & Facilities	
Roadway and Parking Lot Improvements	
All Other Maintenance Projects	
Total	\$ 12,017,000



Professional Services

Professional Services			
	2020(A)*	2020B	2021B
Legal Services	\$ 4,294,582	\$ 3,706,800	\$ 3,689,500
Other Consulting Services	\$ 3,435,417	\$ 3,157,500	\$ 3,442,660
Engineering Services	\$ 2,781,088	\$ 2,330,000	\$ 2,369,000
Environmental Services	\$ 1,014,504	\$ 3,213,750	\$ 2,198,300
Accounting/IT Services	\$ 634,523	\$ 645,300	\$ 753,011
All Other Professional Services	\$ 111,877	\$ 175,800	\$ 74,300
Total	\$ 12,271,991	\$ 13,229,150	\$ 12,526,771

- Professional Services budgeted to stay essentially flat from 2020 actuals and decrease from prior year budget
 - Legal Services have been heavily impacted by litigation cases and desal permitting, but spending should moderate in 2021
- Other professional services include external affairs and other specific consultants
- Engineering services are primarily for site assessments and channel development services
- Environmental services are dominated by the already ongoing Storm Water Drainage Study and Master Plan



Professional Services – Engineering and Environmental (2021 Only)

Engineering Professional Services	
La Quinta Widening and Deepening Feasibility	
Facilities Condition Assessment	
Annual Dock Survey and Soundings	
Underwater Inspections	
Channel Improvement Plan Project Management	
Railroad Repairs and Maintenance	
All Other Engineering Professional Services	
Total	\$ 2,369,000

Environmental Professional Services	
Storm Water Drainage Study and Master Plan	
Permitting - Additional IH DMPA, BU Developmt, etc.	
Air Emissions Inventory	
USACE Section 214 Support	
Property Development Support	
UTMSI/HRI Studies to support future development	
All Other Environmental Professional Services	
Total	\$ 2,198,300



Administrative Expenses

Administrative Expenses			
	2020(A)*	2020B	2021B
Business/Community Development	\$ 3,900,000	\$ 2,745,040	\$ 4,177,981
Supplies	\$ 615,308	\$ 999,489	\$ 1,122,449
Travel	\$ 94,002	\$ 668,280	\$ 540,140
Public Relations	\$ 152,303	\$ 372,000	\$ 373,960
Training	\$ 173,682	\$ 294,066	\$ 284,835
All Other Administrative Expenses	\$ 351,529	\$ 303,065	\$ 436,537
Total	\$ 5,286,824	\$ 5,381,940	\$ 6,935,902

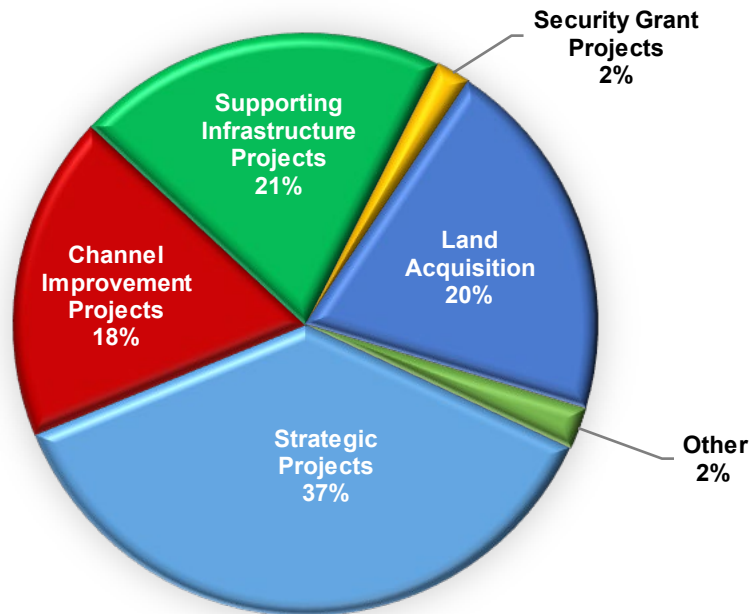
- P&D dominates this category, and is budgeted at 3% of revenue
- Supplies includes purchases of computers and other like equipment to avoid GASB87 accounting rules for leases, and includes tech for new building
- Assume travel does not reach pre-covid levels in 2021
- Public Relations costs are HR related items for employees and customer golf tournament
- All Other includes dues, subscriptions, and postage



CAPITAL SPENDING



Capital Spending – 2021



- Capital spending in 2021 of \$294 million heavily dominated by:
 - Start of Harbor Island dock construction
 - Channel improvement projects
 - Construction of new office building
 - Land acquisition
- Spending on committed or soon to be committed customer projects or projects already started will be \$513 million over next 4 years



CASH POSITION – 2021



Cash Position

	2021 Budget
Total Cash Reserve Funds Available, Beginning of Period	\$ 316,656,817
Less Non-discretionary Funds:	
Operating Reserve	(46,713,719)
Contingency Reserve	(10,000,000)
Self Insurance Reserve	(5,000,000)
Debt Service Reserve	(15,314,816)
Total Non-discretionary Funds	(77,028,535)
Discretionary Reserves Available, Beginning of Period	239,628,281
Sources:	
Net Income	34,146,280
Add: Depreciation	20,955,678
Operating Cashflow	55,101,958
Grant Proceeds/Contributions	9,301,775
Capital Recovery - Customers	-
Total Sources	64,403,733
Total Available Resources	304,032,015
Uses:	
Capital Projects:	
Strategic Projects	(109,198,582)
Channel Projects	(53,543,900)
Security Projects	(5,730,771)
Supporting Infrastructure Projects	(58,823,069)
Land Acquisition	(60,000,000)
Other Projects	(6,831,000)
Total Capital Projects	(294,127,322)
Principal Debt Service	(8,580,000)
Total Uses	(302,707,322)
Net Source(Use) of Discretionary Reserves	(238,303,589)
Discretionary Reserves Available, End of Period	1,324,693
Total Cash Reserve Funds Available, End of Period	\$ 78,353,228

- Strong cash position going into 2021
- Heavy capital load projects full use of capital reserves in 2021
 - Key capital spending variability weighs heavily on final cash outcome
- PCCA well positioned with Frost LOC to handle all possible outcomes



Questions, Comments?

Thank You!

