Greater Houston Port Bureau

Port Bureau News

First Quarter / 2026

Why Critical Exercise Participation is Key to the Houston Ship Channel

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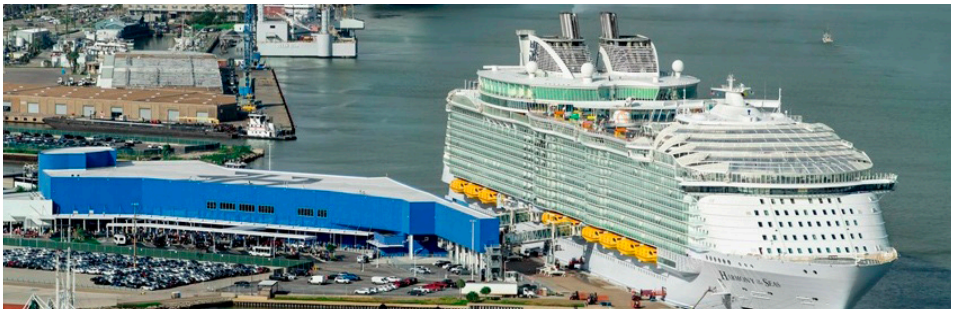
The Houston Ship Channel Security District and the Port Bureau conducted a MARSEC tabletop exercise where stakeholders identified gaps, tested communication channels, and clarified roles and responsibilities in the event of a real-world MARSEC level increase. Read more on page 20.



The cruise boom is not only about ships and terminals, it is about systems, communities, and people. It raises fundamental questions about infrastructure, sustainability, governance, and, perhaps most importantly, workforce readiness. See page 10.

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Captain's Corner

Celebrating Houston's First Navy Fleet Week: A Historic Milestone for Our Port Community

Howdy all! I'm super proud that Houston made history this year by hosting its first-ever Navy Fleet Week. It marks a major milestone for our city, our maritime industry, and the Greater Houston port community. Fleet Week is more than a celebration as it is a powerful reminder of the enduring partnership between the maritime sector and the men and women of the United States Navy who serve and protect our nation every day. For Houston, it was also an opportunity to showcase the strength, capability, and national importance of the Port of Houston and the Houston Ship Channel.

The week began with an incredible kickoff at the Fleet Week Mayor's Reception at the Houston Maritime Center & Museum, a fitting venue to launch such a meaningful occasion. Surrounded by maritime history and Houston's deep-rooted connection to global trade, leaders from across the port community gathered alongside representatives from the Navy, Coast Guard, and Marines, as well as distinguished guests, to celebrate what this event represents for our city. The reception set the tone for the week, one of pride, unity, and appreciation for our armed services.

Following the Mayor's Reception, the momentum continued with our VIP event, "Sailing Towards New Horizons," hosted at Manchester Terminal. This outstanding evening brought together maritime leaders, key partners, and supporters of our port community in a setting that truly reflected Houston's working waterfront. It was a powerful reminder that our port is not just an economic engine, but a critical hub where industry, infrastructure, and national security intersect. The event highlighted the importance of collaboration and the shared commitment we all have to strengthening the maritime future of the Gulf Coast. Thanks again to our board member Vinny Pilegge and his staff for hosting us and over 100 of our port community friends!

We wrapped up the week in style at the Mayor's Fleet Week Ball, a memorable evening that honored the men and women who proudly wear the uniform. It was a chance for our community to come together in gratitude, to recognize their sacrifices, and to celebrate the values of leadership, courage, and service that define our military. The atmosphere was inspiring, and it reinforced how much Houston appreciates those who defend our freedoms and ensure the safety of our nation. As a 26-year Coast Guard veteran, I was very much in love with the setting and the city's commitment to make sure every sailor had a great time.

Houston's first Navy Fleet Week was also an important reminder of the Houston Ship Channel's longstanding connection to our military branches. The Ship Channel has long played a vital role in supporting national defense, serving as a strategic gateway for energy, cargo, and logistics operations that strengthen military readiness. From fuel and petrochemical supply chains to industrial capabilities that support shipbuilding, repairs, and heavy manufacturing, the Houston region contributes directly to America's defense infrastructure.

Home to these critical facilities supporting both commercial and military operations, the Houston Ship Channel remains one of the most essential maritime corridors in the United States. The strength of our port helps ensure that military resources, equipment, and supplies can move efficiently when and where they are needed. This unique connection between maritime commerce and defense readiness is a prime reason Houston continues to grow in national importance.

Fleet Week highlighted something many in our industry already know: Houston is a maritime powerhouse, and our port community is proud to stand alongside the U.S. Navy and all branches of the armed forces. The success of Houston's inaugural Fleet Week reflects what can be achieved through strong partnerships, between government, industry, civic leadership, and our military.

Houston is proud to host Fleet Week, and I am grateful to have been part of such a meaningful week and such a strong partnership between our maritime industry and the United States Navy. This event was not only a celebration, but it was a statement about who we are as a port city, what we contribute to our nation, and the future we are building together.

As we look ahead, one thing is clear: Houston is ready to welcome Fleet Week back again, and our port community will continue to support the mission, the service, and the people who protect our nation every day.

#myportcommunityisbetterthanyours

CAPT Eric Carrero,
USCG (Ret.)
GHPB President

Port Watch

From Whales to Rail

Photo: Hetty Green, Library of Congress

No one knew what to expect in Terrell, Texas, when the 24-year-old president of the Texas Midland Railroad Company, "Ned" Green, presented a $500,000 certified check for deposit. In January 1893, it was an unheard sum for the American National Bank, as evidenced by the fact that it immediately tripled the bank's assets. Not surprisingly, Ned was immediately made vice president of the bank. Yet, Ned's interest was not in banking. He was on a mission to transform the Texas Midland Railroad into a first-in-class railroad. To that end, heavy duty tracks were installed, wooden bridges replaced with steel, only the fastest of locomotives were purchased and Texas Midland's passenger equipment was the most luxurious in Texas. Just as Ned spared no expense to make the railroad the finest in the region, he spent lavishly on personal vehicles, scientific pursuits and raucous entertainment.

Ironically, Ned's propensity to spend was the antithesis of the individual that made his lifestyle possible. Hetty Green, Ned's mother, was known as a ruthless businesswoman. Her draconian frugality combined with her extraordinary business acumen were instrumental in her accumulation of real estate assets, controlling interests in railroads and tens of millions of dollars in bank deposits. She viewed every transaction as a battle and her tenacity against the most ruthless of businessmen earned her the nickname of the "Witch of Wall Street." While her father may not have been proud of his only daughter's moniker, he certainly taught her well.

As a young girl, Hetty spent much of her free time in the shadow of her father Black Hawk Robinson. Black Hawk's wealth resulted from his father-in-law's New Bedford whaling business. While owning whaling ships in the 1830s was fraught with risks, Black Hawk's firm prospered handsomely and put those profits to work in a variety of business ventures. As a young girl, Hetty would read the financial news to both her father and grandfather. It was not unusual for Hetty to accompany her father on various business ventures and witness his transactional shrewdness. As Hetty once recalled, "My father taught me never to owe anyone anything. Not even kindness."

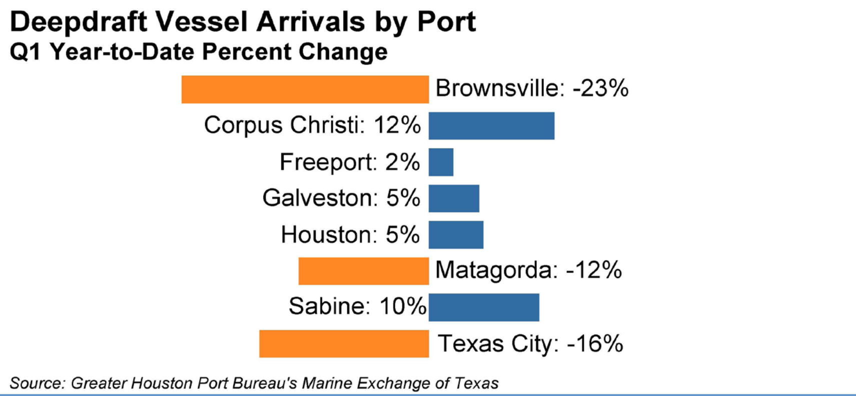
March was extremely kind to Texas ports as spring 2026 dawned. Every major port registered sizeable monthly gains. Corpus Christi, in particular, experienced a 31% jump in vessel arrivals. The dramatic year-over-year rise in bulker calls and chemical tanker arrivals placed the port at the top of the heap with an 11% year to date increase. LNG arrivals also soared 26% for the year. Unfortunately, the port's most frequent caller, tankers, trails last year's arrival count by 4% despite a torrid 55% monthly gain.

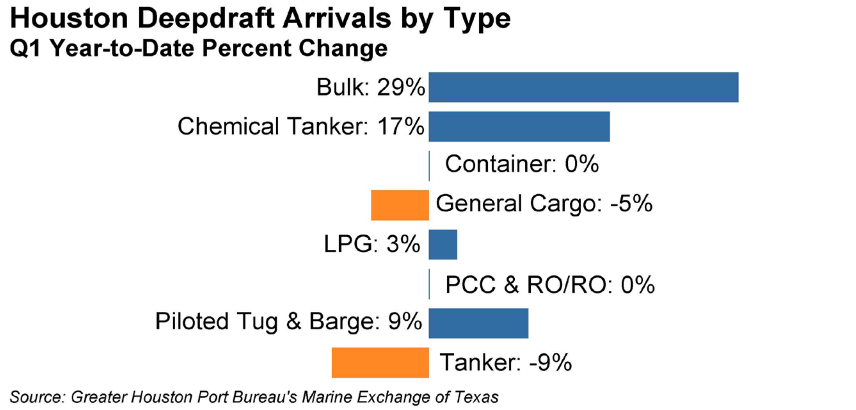
Meanwhile, tanker calls in Sabine far outpaced 2025's first three months of the year by 25%. While its 12% year-to-date climb in bulker arrivals paled in comparison to Corpus', LNG exports were off the charts as evidenced by a year-over-year ascent of 42%. Chemical tankers, the most frequent vessel type that calls upon Sabine, posted a monthly high and ended the quarter 5% above that of last year. Overall, Sabine's vessel arrival count exceeds that of last year by a respectable 10%.

The Port of Galveston is also ahead of last year's arrival pace by 5%. While 5% fewer passenger vessels moored at its public docks, 30% more tankers, 14% more chemical tankers, 44% more RO/RO vessels and double the number of bulkers cast their lines ashore over the last year. This is a marked contrast at the neighboring Port of Texas City. In spite of a healthy 23% monthly increase in arrivals, the port trails 2025's stats by 16%. Its two largest vessel constituents, chemical tankers and oil tankers, are down for the year by 22% and 19% respectively. The only major vessel category that was not in the year-over-year deficit column was oceangoing barges. They are up by 8%.

Freeport's final month of the year's first quarter ended on a very positive note and placed the port on the right side of the ledger year-over-year. Chemical tankers finished particularly strong with an 88% climb; however, this vessel type lags 2025 by 7%. On the other hand, LNG, LPG and tankers exceeded last year's arrival tally by 11%, 7% and 25% respectively. Undoubtedly, they were the main contributors to Freeport outshining last year's first quarter by 2%.

Texas' most remote port, Brownsville, had very little to brag about with nearly every vessel category arrival count falling below last year's number. At present, 2025's vessel calls eclipse 2026's by 23%; a result most likely driven by tariff uncertainty.





At the epicenter of all things maritime, Houston was certainly keeping many a terminal operator busy. Container traffic at the Gulf's largest container port was flat in terms of arrivals. Nevertheless, 2% more TEUs flowed across the wharves. On the import front, the count for full TEUs was 4% higher vis-à-vis last year. On the export front, the year-to-date increase for full TEUs was a mere 1%. This is certainly a marker that both businesses and the local populace are expanding.

Chemical tankers ended the month extremely strong with a 35% rise. This bolstered the year-to-date increase to 17%. Bulker calls in Houston were at a record level in March and finished out the quarter 29% above that of last year. Conversely, tankers waned by 9% year-over-year irrespective of the 15% monthly gain. LPG transits held their own with a 3% year-to-date upswing. Finally, even taking into consideration a softening in the general cargo vessel count, the nation's largest port's arrival figures are a healthy 5% higher than 2025's first quarter.

Hetty's spartan existence was the antithesis of the financial empire she built during her lifetime. Her fiscal wherewithal was so abundant that she set market interest rates whenever she lent large sums of money to major institutions. When she passed on July 3, 1916, newspapers throughout the nation ran front page stories on the death of the richest woman in America whose estate was reported to between $100 and $200 million.

Hetty's will divided her vast wealth between her two children, Ned and Sylvia. Unfortunately, there were several states that were covetously eyeing the potential inheritance and transfer tax bounty. Consequently, New Jersey, New York and Vermont attempted to claim Hetty as a resident. Ultimately, Hetty's canny ability to move from apartment to apartment during her adult life served her well when the U.S. Supreme Court declared that she was a Vermont resident. Ultimately, when the legal sparring finally wrapped up, less than 2% of Hetty's entire estate found its way into the taxman's coffers.

Ned's share of his mother's estate was funneled into his Round Hill mansion which quickly became the epicenter for emerging scientific technologies. He constructed the most technologically advanced radio station in 1923; built one of the first illuminated runways in the nation to accommodate night landings replete with a blimp hanger; installed a prototype atom smasher for the benefit of MIT scientists; and erected large greenhouses to cultivate exotic plants from all over the globe. Ned also spent millions during the Great Depression on rare stamps, even rarer diamonds and buying all five 1913 Liberty "V-Nickels", considered to be the most valuable coins ever minted in the United States.

Undoubtedly, Hetty would have frowned at her son's profligate spending. Worse yet, she would have gnashed her teeth knowing that the vast fiscal kingdom she had built would be cast to the wind upon the death of her daughter 14 years after her brother's funeral. As neither Ned nor Syliva had heirs, Ned's estate flowed to Sylvia and, in turn, Sylvia left tens of millions of dollars to numerous causes.

On the other hand, there was one purchase on the part of Ned that would have elicited approval from his curmudgeon mother. Several years before his death, Ned discovered that a storied whaling ship owned by his great grandfather was slated for the boneyard. He purchased that sailing vessel, fastidiously restored it and permitted tens of thousands of tourists to board it at Round Hill's waterfront. Today, the Charles W. Morgan, a waterborne asset that gave rise to the family fortune, is moored at Mystic Seaport where countless visitors gaze upon a vessel that played a crucial role in America's first oil boom.

Tom Marian
Buffalo Marine Service
buffalomarine.com

Tom Marian Named as Greater Houston Port Bureau's 2026 Maritime Leader of the Year

The 97th Annual Port Bureau MARITIME DINNER

The Greater Houston Port Bureau ("Port Bureau") is pleased to announce that Tom Marian, General Counsel for Buffalo Marine Service, Inc., has been selected as the 2026 Maritime Leader of the Year. Marian will be honored at the Port Bureau's Annual Maritime Dinner on August 22, 2026. The Port Bureau Board of Directors named Marian as the 2026 honoree for his exceptional leadership and steadfast dedication to advancing the maritime sector and Houston port region.

Marian joined Buffalo Marine Service in 2007. Prior to this, he attended the U.S. Coast Guard Academy and graduating in 1984, he was assigned to San Juan, Puerto Rico and spent the next nine years in the waterways management arena in New Orleans, Honolulu, and Seattle. He transferred to New Orleans to attend Tulane Law School and subsequently assigned to the Eighth Coast Guard District legal staff as a Judge Advocate. In 2000, Marian was detailed to the Joint Interagency Task Force South in Key West as the Command's legal advisor. Upon completion of that tour, he was transferred to Vessel Traffic Service Houston/Galveston as the Commanding Officer. In 2005, Marian retired from the Coast Guard.

"We recognize Tom Marian as the Greater Houston Port Bureau's 2026 Maritime Leader of the Year. He has demonstrated an unwavering commitment to the growth and success of our maritime industry and made a profound impact on the Houston port region. I deeply appreciate his personal support for these many years," said Vincent DiCosimo, Chairman of the Greater Houston Port Bureau.

Marian has served on multiple boards and committees including Gulf Intracoastal Canal Association (Chairman), American Waterways Operators (Chairman); Lonestar Harbor Safety Committee (Chairman), Houston Maritime Center and Museum, Pilot Board Investigation and Recommendation Committee, Southeast Texas Waterway Advisory Council, and serves on the Greater Houston Port Bureau board.

"As a board member of the Port Bureau board for 20 years, I have had the privilege of witnessing the growth of the organization's influence throughout the ports it represents. The network it has forged with its members has been instrumental in forging a community of interest focused on the wellbeing of the nation's largest port. The annual Maritime Dinner celebrates the accomplishments of many individuals and stakeholders, and I am honored to be a part of it," said Marian.

The Houston Ship Channel is the nation's busiest waterway. Collectively, the more than 200 private and public terminals along the 52-mile channel make the area the nation's largest port for waterborne tonnage. The Channel supports 1.54 million jobs in Texas and 3.37 million jobs nationwide, and economic activity over $500 billion in Texas, nearly 20 percent of Texas' total gross domestic product (GDP) and $1.2 trillion in economic impact across the nation.

Over 800 maritime, transportation, and industry professionals and their guests attend the Annual Maritime Dinner to recognize maritime leaders or companies that have exhibited outstanding leadership and support for the port region.

The Annual Maritime Dinner is supported by Title sponsor Buffalo Marine Service, Inc., Queen of the Fleet sponsors, Callan Marine, Energy Transfer, Enterprise Products Partners L.P., Kinder Morgan, Kirby Corporation, Liskow, McGriff, Port Houston, Shamrock Marine, Targa Resources, Thomas Marian Family, and Vopak. Proceeds from the Annual Maritime Dinner support the Port Bureau's regional maritime advocacy efforts. Table and sponsorship opportunities and additional information are available online at www.txgulf.org/annual-dinner or call 713-678-4300.

QUEEN OF THE FLEET

TITLE

Buffalo Marine

Callan Marine ...safety...integrity...quality...

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Avenida Brazil-Clear Lake
Bowl & Barrel
Bryan Museum
Chicken N' Pickle
Cooking With a Twist

Cypress Trails Ranch
Dig World
Galveston Historical Foundation
Houston Botanic Garden
Houston Children's Museum
Houston Museum of Natural Science
Katie's Seafood Restaurant
Lake Travis Zip Line Adventures
Lone Star Flight Museum
Main Street Theater

Margaritaville Lake Conroe Resort
Mercury Chamber Orchestra
Natural Bridge Caverns
New Orleans Steamboat
Painting with a Twist Katy
Painting with a Twist Midtown
Segway Tours of Galveston
Star Cinema Grill
Taste of Texas

As of May 4, 2026

Defending America's Skies: National Security Council Leader's Urgent Call at the AFPM Security Conference

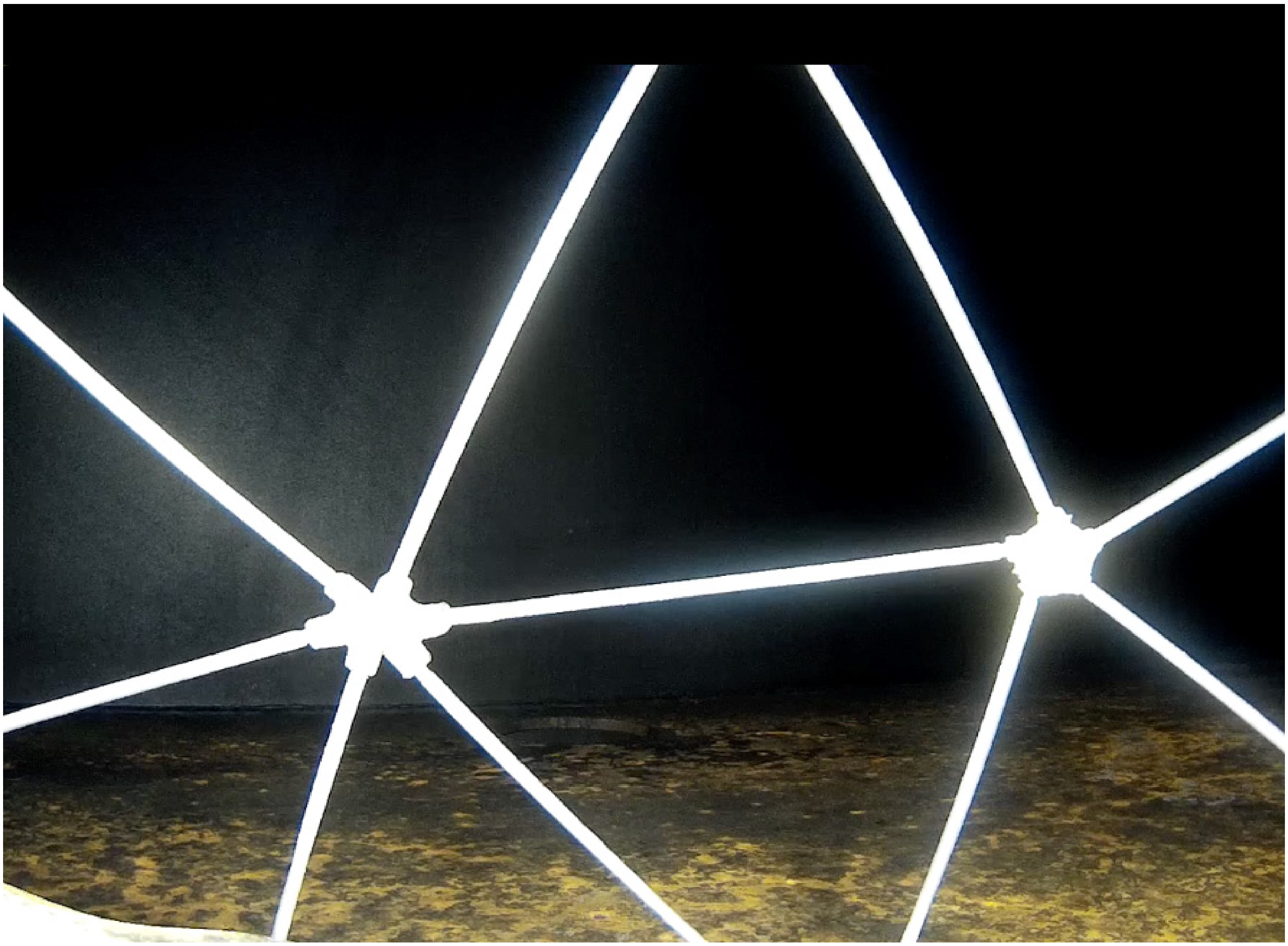

Photo: Birdseye view from a drone inspection

In a crisp and forceful address at the American Fuel & Petrochemical Manufacturers (AFPM) Security Conference in New Orleans, Dr. Sebastian Gorka, Deputy Assistant to the President and Senior Director for Counterterrorism at the National Security Council, delivered a sobering message to the men and women who power American civilization: the drone threat to critical energy infrastructure is no longer theoretical, it is here, it is real, and it demands immediate action.

Gorka opened by noting a striking shift. For roughly six years prior, Washington largely slept on the issue, with policies and agencies often unwilling or unable to confront the problem head-on. That changed instantly under President Trump. The very first National Security Council meeting of the new administration tackled drones directly, a clear signal of the priority the president places on protecting the homeland.

Drawing from hard lessons overseas, Gorka painted a vivid picture. Low-cost commercial drones, some no more sophisticated than toys once bought for a child's Christmas, have repeatedly struck oil facilities in the Middle East and refineries in Eastern Europe, disrupting global energy markets and logistics with alarming ease. These are not always precision strikes by nation-states. Criminals, terrorists, and even reckless "idiots and evildoers" can now wield modified off-the-shelf systems to inflict massive damage. The logic is brutally straightforward: to cripple a nation, target what sustains it. For America, that means refining capacity, distribution nodes, and storage facilities.

"If you operate critical fuel and petrochemical infrastructure," Gorka told the audience, "you are already a target."

This administration's response rests on restoring a core principle: American airspace belongs to the American people, and the United States will defend it with zero ambiguity and no gray zones. The Executive Order on Restoring American Airspace Sovereignty, issued in June 2025 and advanced with NSC coordination, created the Presidential Task Force to Restore American Airspace Sovereignty. Gorka, who helps lead the task force with monthly interagency coordination, emphasized that every aircraft, manned or unmanned, operating over U.S. territory is subject to American law and accountability.

In just over a year, measurable progress has followed at a pace Gorka insightfully calls "Trump time", rapid, decisive, and hard to keep up with.

Key Accomplishments to Date

- The SAFER SKIES Act (enacted December 2025), which empowers state, local, tribal, and territorial law enforcement with expanded counter-UAS authorities so responders can act when a drone hovers over a refinery, without waiting for distant Washington approval.
- The FBI's new National Counter-UAS Training Facility at Redstone Arsenal, which has already graduated its first classes in record time, producing skilled operators who neutralize threats safely, legally, and effectively.
- Historic funding, \$500 million through the DHS/FEMA Counter-UAS Grant Program, with the initial \$250 million rollout described as among the fastest non-disaster awards in recent memory, to equip states with detection, tracking, and mitigation tools.
- Early operational deployments of high-energy directed lasers for counter-UAS inside the United States.
- Close partnership with the Department of Defense and interagency task forces that stress speed: "Detection without decision is delay. Decision without action is failure."

These layered protections extend to major national events, including America's 250th anniversary and the FIFA World Cup, while keeping critical infrastructure front and center.

Yet Gorka was candid: policies alone will not suffice. Real defense requires partnership and industry leadership. He issued clear "homework" for the energy sector:

- Engage vigorously in upcoming FAA rulemaking, particularly expansions under Section 2209 for critical infrastructure, beyond-visual-line-of-sight (BVLOS) operations, and unmanned traffic management. Industry comments matter; make your voice heard.
- Support legislation to expand counter-UAS authorities directly to private critical infrastructure owners and operators. The administration backs this because energy professionals are frontline defenders of national resilience, not passive stakeholders.
- Invest now in detection, tracking, identification, and physical hardening using proven technologies already available.
- Tell your stories. Document drone incursions, share data through established channels to build heat maps and drive policy, and speak publicly, through op-eds, association reports, or industry statements, about the real challenges and the progress being made. As Gorka reminded the audience, humans understand the world through stories; effective narratives accelerate solutions and break bureaucratic inertia.

Timely Progress on FAA Rulemaking

Having the opportunity to hear Dr. Sebastian Gorka and Matthew Whitehead of the National Security Council deliver timely and direct remarks on the evolving drone threats targeting energy and petrochemical facilities, their message was clear: these risks are real, and the industry must stay ahead of them.

April 24th brought welcome news on that front. OMB/OIRA has cleared the FAA's long-awaited NPRM, "Designation - Restrict the Operation of an Unmanned Aircraft in Close Proximity to a Fixed Site Facility" (RIN 2120-AL33). Link:(https://www.reginfo.gov/public/do/eoDetails?rrid=947211)

Submitted to OIRA in May 2025 and cleared on April 24, 2026, this rulemaking implements Section 2209 of the 2016 FAA Extension Act. It establishes a formal petition process enabling owners and operators of refineries, chemical plants, and other critical fixed-site facilities to request restricted UAS airspace for safety and security reasons.

The NPRM is expected to be published in the Federal Register in the coming days or weeks, opening a public comment period. This represents a meaningful step forward in giving industry the tools needed to better protect vital infrastructure.

Dr. Gorka's three decades in counterterrorism, multiple oaths to the Constitution, and service across two Trump administrations bring evident patriotism and seriousness to the mission. He and his team, including Matt Whitehead and interagency partners, treat this as a zero-failure mission, whether safeguarding the White House, Marine One, public events, or the refineries and pipelines that sustain daily American life.

While political critics may differ with Dr. Gorka on style or broader views, his emphasis on practical sovereignty, rapid results, and empowering those closest to the threat reflects a clear commitment to America First priorities. The energy sector's active participation, through advocacy, investment, and honest storytelling, will help accelerate the emerging doctrine of responsible action over hesitation.

America will not surrender its skies. With urgency, partnership, and vigilance, the nation can confront this evolving threat decisively and keep the lifeblood of its economy and civilization secure.

Marco Ayala, ISA Fellow
President, InfraGard Houston Members Alliance
InfraGard National Sector Chief - Energy,
https://infragard-houston.com

Cruising Ahead: Galveston's Expansion, Global Lessons, and the Workforce Powering the Next Wave

A Port on the Rise

The Port of Galveston has entered a new chapter. Once considered a secondary cruise gateway, it now stands among the most dynamic cruise ports in the United States. With passenger volumes surpassing pre-pandemic levels and infrastructure investments reshaping its waterfront, Galveston is no longer simply participating in the cruise industry: it is helping to define its next phase.

This transformation did not happen in isolation. The global cruise industry, after an unprecedented shutdown during the COVID-19 pandemic, has rebounded with renewed intensity. The passenger movement evolution (Table 2016-2026) leaves no doubt about this industry resilience. It went from being virtually dead for nearly 18 months, to an spectacular rebound in 202-2023 season. Ships are larger, itineraries more diversified, and passenger expectations higher than ever. In Galveston, these trends are visible in the arrival of next-generation vessels, the expansion of terminal capacity, and the increasing integration of cruise operations into the broader regional economy.

Yet, growth at this scale brings complexity. The cruise boom is not only about ships and terminals, it is about systems, communities, and people (Jensen and Hein, 2025).It raises fundamental questions about infrastructure, sustainability, governance, and, perhaps most importantly, workforce readiness (Pallis et al, 2019).

Global Cruise Passenger Evolution 2016-2026											
Main Markets (in percentage)	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025****	**2026** (projected)**
North America	49.3%	48.7%	49.9%	51.9%	52.1%	46.6%	61.8%	57.1%	59.3%	55.9%	52.0%
Europe (North and Mediterraneo)	27.0%	26.0%	25.1%	26.0%	22.1%	36.8%	28.1%	25.9%	24.4%	25.0%	25.0%
Asia	13.4%	15.2%	14.9%	12.6%	8.3%	13.2%	3.9%	7.4%	11.6%	12.0%	14.0%
Others (Australia, Pacific & other regions in the world)	10.3%	10.1%	10.1%	9.5%	17.5%	3.5%	6.3%	9.6%	4.7%	7.1%	9.0%
total (in percentage)	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
total (in millions of passanger movements*)	**25,155**	**26,716**	**28,515**	**29,673**	**5,769**	**4,753**	**20,390**	**31,690**	**34,640**	**37,000**	**39,000**

Source: Author own elaboration, based on CLIA (Cruise Liners International Association) Annual reports, multiple years

*Passanger movements: total sum of embarkations and debarkations

**2025 figures still under final consolidation. 2026 figures are projections.

From Disruption to Acceleration

The pandemic years of 2020 and 2021 marked an abrupt halt for the cruise sector. Global passenger numbers dropped dramatically, ships were idled, and cruise terminals, once bustling gateways, stood empty (Cruise Market Watch, 2026). For ports like Galveston, the pause revealed the extent to which cruise activity is embedded in local economies, affecting everything from hospitality to transportation services.

By 2022, however, recovery was underway. Consumer demand returned faster than expected, supported by pent-up travel demand and renewed confidence in health and safety protocols. Cruise lines responded strategically, deploying newer, more efficient vessels and redesigning itineraries to align with evolving market preferences (CLIA, 2025).

Today, Galveston is benefiting directly from this rebound. Passenger volumes have grown steadily, and the port has solidified its position among the top cruise homeports in the United States. More importantly, the nature of cruise operations has changed. At the opening ceremony for the Port of Galveston fourth cruise terminal, Galveston Wharves Board then Chairman Vic Pierson said, “We want to give a warm Texas welcome to MSC Cruises as the world’s third largest cruise line enters the Galveston market. Having MSC and Norwegian Cruise Line homeporting in Galveston says a great deal about our position in the U.S. and global cruise markets.” (Port of Galveston, November 7, 2025). The modern cruise ship is no longer simply a vessel, it is a destination. Mega-ships, often carrying more than 5,000 passengers, function as floating resorts, complete with entertainment districts, water parks, and diverse culinary experiences. Many itineraries now include private island destinations operated by cruise lines themselves, extending the cruise experience beyond traditional ports of call. This shift has implications far beyond the ship.

Bigger Ships, Bigger Pressures

The arrival of larger ships requires ports to adapt quickly. Deeper berths, expanded terminals, and more sophisticated passenger processing systems are now essential. Galveston’s recent investments, including terminals capable of handling Oasis-class vessels, reflect this reality.

But the pressures are not confined to port infrastructure. On peak embarkation days, thousands of passengers move through the city in concentrated waves. This creates challenges for urban mobility, traffic management, and service provision (Merk, 2013). Even in a city like Galveston, with a relatively open layout compared to historic European ports, these surges can strain local systems.

Environmental considerations add another layer of complexity. Cruise ships, particularly while docked, contribute to air emissions and noise pollution. While regulatory frameworks are pushing the industry toward cleaner operations, implementation varies across ports. The adoption of LNG-powered vessels and the exploration of shore power solutions are important steps, but they also require coordinated investment between ports, cruise lines, and local authorities.

In this context, the cruise terminal becomes more than an operational facility, it becomes a focal point of urban planning.

Global Lessons: A Shared Challenge

Galveston’s experience is not unique. Across the Atlantic, ports such as Genoa and Savona in Italy have undergone similar transformations. Like Galveston, these ports serve as homeports, integrating cruise operations with regional transportation networks, tourism infrastructure, and urban development strategies.

In Europe, the response has increasingly emphasized integrated governance. Regional port authorities coordinate across multiple ports, aligning cruise strategies with broader economic and environmental goals. Differentiation, where ports specialize in distinct market segments, has become a tool for managing growth while minimizing local pressures.

The lesson is clear: cruise growth cannot be managed in isolation. Ports and cities must move from a model of coexistence to one of co-evolution, where infrastructure development, tourism strategy, and community well-being are planned together. This ecosystem approach recognizes that ports and cities are not competing entities but interdependent systems (Papathanassis, 2025).

Galveston, with its governance structure and close ties to the City of Galveston, offers a different (but equally instructive) model. Investments in cruise terminals have been accompanied by efforts to enhance waterfront development, improve connectivity, and preserve the city's unique character. The New Master Plan of Port of Galveston leaves no doubt about that aspect. If approved as presented, the plan will completely redefine the waterfront on Galveston harbor, as well as the city integration.

Rodger E. Rees the Port Director and CEO of Galveston (Galveston Wharves) since January 2018 said: "We were building our fourth cruise terminal when we were not supposed to have that done until 2030, so what we did was we decided to go ahead and upgrade and do a new master plan." (Houston Public Media, 2026).

The Port of Galveston's master plan outlines a clear strategy centered on five core priorities. At its foundation is a commitment to financial sustainability, ensuring that revenues are strengthened while maintaining efficient cost management. This is supported by continued investment in infrastructure, with a focus on optimizing port assets to enhance operational performance and long-term economic value. The plan also emphasizes business development, seeking to expand existing activities while attracting new opportunities that generate jobs and regional growth. Strengthening communication is another key pillar, with efforts aimed at building stronger relationships with stakeholders and elevating the port's visibility at both regional and national levels. Finally, the plan highlights the importance of people, promoting a culture of excellence through safety, environmental stewardship, professional development, and strong ethical standards (Port of Galveston, 2026).

"The cruise business is a lot of fun, it makes a lot of money, but economically speaking, it is what's allowing us to rebuild this whole port," said Rees (Houston PublicMedia, 2026).

The Missing Piece: Workforce Capacity

While infrastructure and governance often dominate discussions, one critical element remains underappreciated: the workforce. The cruise industry's rapid expansion is creating demand for a wide range of professionals. Onboard, there is a need for licensed deck officers, marine engineers, and technical specialists capable of operating increasingly complex vessels. Shoreside, the demand extends to logistics planners, port managers, tourism professionals, and policymakers. This is not a narrow skill set: it is an ecosystem of competencies. And it is here that Texas A&M University at Galveston (TAMUG) plays a central role.

Educating the Next Generation of Maritime Professionals

As the maritime campus of Texas A&M University, TAMUG is uniquely embedded within the Galveston port ecosystem. Through the Texas Maritime Academy, the university prepares students to become licensed deck and engineering officers, equipped with the technical and operational expertise required to serve on vessels worldwide.

Traditionally, maritime academies have focused on cargo shipping. However, the growth of the cruise industry is expanding career pathways. Cruise lines increasingly seek officers who combine technical proficiency with adaptability, leadership, and an understanding of passenger-focused operations.

TAMUG graduates are well-positioned to meet this demand. Their training emphasizes not only navigation and engineering but also decision-making, teamwork, and safety, skills that are critical in the highly dynamic environment of modern cruise ships. But the workforce needs of the cruise industry extend beyond the ship.

Bridging Port and Community: The TCCD Program

The expansion of cruising in Galveston is deeply intertwined with the city's identity as a coastal destination. Managing this relationship requires professionals who understand not only maritime operations but also tourism dynamics, community development, and sustainability.

The Tourism and Coastal Community Development (TCCD) program at TAMUG addresses this need directly (TAMUG, 2025). Designed as an interdisciplinary program, TCCD equips students with a broad set of marketable skills that are highly relevant to the cruise sector. Dr. JoAnn DiGeorgio-Lutz, Professor and Department Head of the Department of Department of Maritime Studies of Texas A&M University at Galveston says: "Our graduates enter the tourism industry equipped with the essential academic and practical skills from cross-cultural communication to leadership abilities in a growing and diverse industry sector."

Beyond its interdisciplinary structure, the program is intentionally designed to cultivate a portfolio of industry-relevant competencies that align with the operational realities of cruise destinations. Students are trained to move from problem identification to solution design, learning how to define complex challenges, gather and interpret information, and set actionable goals. They develop the ability to communicate effectively across formats and audiences, whether facilitating stakeholder discussions or presenting findings to decision-makers. Equally important is the emphasis on collaboration: students learn to work in teams, build rapport, and contribute meaningfully to shared projects, an essential capability in environments where port authorities, tourism boards, and private operators must coordinate closely.

The program also integrates technological fluency, preparing students to use digital tools for research, data interpretation, and professional presentation. Alongside these capabilities, students develop strong professional habits, including time management, accountability, and the ability to implement decisions effectively. In a global industry such as cruising, intercultural awareness is critical; students are trained to understand cultural differences, engage with diverse perspectives, and contribute to inclusive environments. Leadership development is embedded throughout the curriculum, encouraging students to initiate ideas, inspire others, and help shape forward-looking strategies for coastal communities.

These competencies are not confined to the classroom. TAMUG actively connects students with industry through experiential learning opportunities that bring theory into practice. For example, students regularly participate in technical, guided visits aboard cruise vessels homeporting in Galveston, such as the Carnival Breeze and Mariner of the Seas. During these visits, students engage with onboard officers and crew, gaining firsthand insight into bridge operations, hotel management systems, safety protocols, and passenger logistics.

"As a TAMUG student, I found the most intriguing aspect of the tour to be the integration of various ship systems and terminal operations that facilitate the smooth and safe movement of thousands of passengers during embarkation," said Dana Keenan, Tourism and Coastal Community Development Graduate, Class of 2025.

Michael Moroz, Maritime Transportation Major said, "The cruise ship technical tours allowed me the opportunity to ask the mates/officers onboard valuable questions regarding the duties and life as a seafarer on a cruise ship."

"I found the amount of work throughout the ship done to accommodate thousands of guests taught me how different departments interact with one another to provide an efficient experience for the guests. I feel like I can apply multiple aspects of our visit to my Hospitality major, " said Scott Lyons Jr, Tourism and Coastal Community Development Major.

Photo: TAMUG Students who have attended the Technical Tour on Cruise Ships at Port of Galveston during Fall 2025. In the picture: Dana R. Keenan; Adriana Nuila; Michael Moroz; Scott Lyons Jr.

These experiences allow students to observe how large-scale cruise operations function in real time, reinforcing classroom concepts while exposing them to potential career pathways across both maritime and tourism sectors.

Innovation in the Classroom: Preparing for a Changing Industry

Recognizing the rapid evolution of the cruise sector, TAMUG has expanded its academic offerings to include courses such as Global Cruising. This course introduces students to the structure and dynamics of the cruise industry, covering topics such as itinerary planning, port selection, passenger experience, and sustainability challenges.

Dr. Jenna Lamphere, Assistant Professor at the Department of Maritime Studies of Texas A&M University at Galveston says: "The TCCD program is unique, offering students multi-disciplinary knowledge and experiences critical to working professionals in the rapidly changing cruise industry. The program could not better situated in Galveston, where students learn first hand about the socio-technical and environmental factors driving industry change, as well as how that change is transforming our local communities."

By integrating maritime business, tourism, and environmental perspectives, the course reflects the interdisciplinary nature of the industry itself. It prepares students not only to understand current trends but also to anticipate future developments.

Sustainability and the Future of Cruising

Environmental accountability is no longer optional, it is central to the industry's future. The deployment of LNG-powered vessels, investments in shore power infrastructure, and the development of more efficient port operations are all part of a broader transition toward sustainability. At the same time, destinations must address issues such as congestion, emissions, and the distribution of economic benefits (Carnival News, September 9, 2025).

For Galveston, this means integrating cruise development into a broader vision of sustainable coastal growth. It involves collaboration between port authorities, city planners, industry stakeholders, and educational institutions. Education, once again, plays a key role.

A Living Laboratory for the Cruise Industry

Galveston represents more than a successful cruise port, it represents a dynamic environment where industry, community, and education intersect.

Students at TAMUG are not learning about the cruise industry in abstraction. They are observing it firsthand, engaging with it, and, in many cases, becoming part of it. The proximity of the campus to the port creates opportunities for experiential learning, industry collaboration, and applied research.

This integration of theory and practice is a powerful asset. It allows for the development of solutions that are grounded in real-world conditions and responsive to the needs of industry and community alike.

Charting the Next Course

The continued growth of cruising in Galveston is both an opportunity and a responsibility. It offers the potential for economic development, job creation, and enhanced connectivity. At the same time, it requires careful planning, collaboration, and investment in the systems that support it.

Infrastructure will remain important. So will governance. But the long-term success of the cruise industry in Galveston, and beyond, will depend on people.

As bigger ships arrive and new terminals open, the focus must also turn to the workforce that will operate, manage, and sustain this growth. Institutions like Texas A&M University at Galveston are at the forefront of this effort, providing the education and training needed to meet the demands of a changing industry.

In this sense, Galveston is not only a port of departure, it is a point of convergence, where global trends, local realities, and future possibilities come together. And in charting this new course, the partnership between port, city, and university may prove to be one of its greatest strengths.

Ed. Note: The citations referenced in the article can be found online at txgulf.org\citations.

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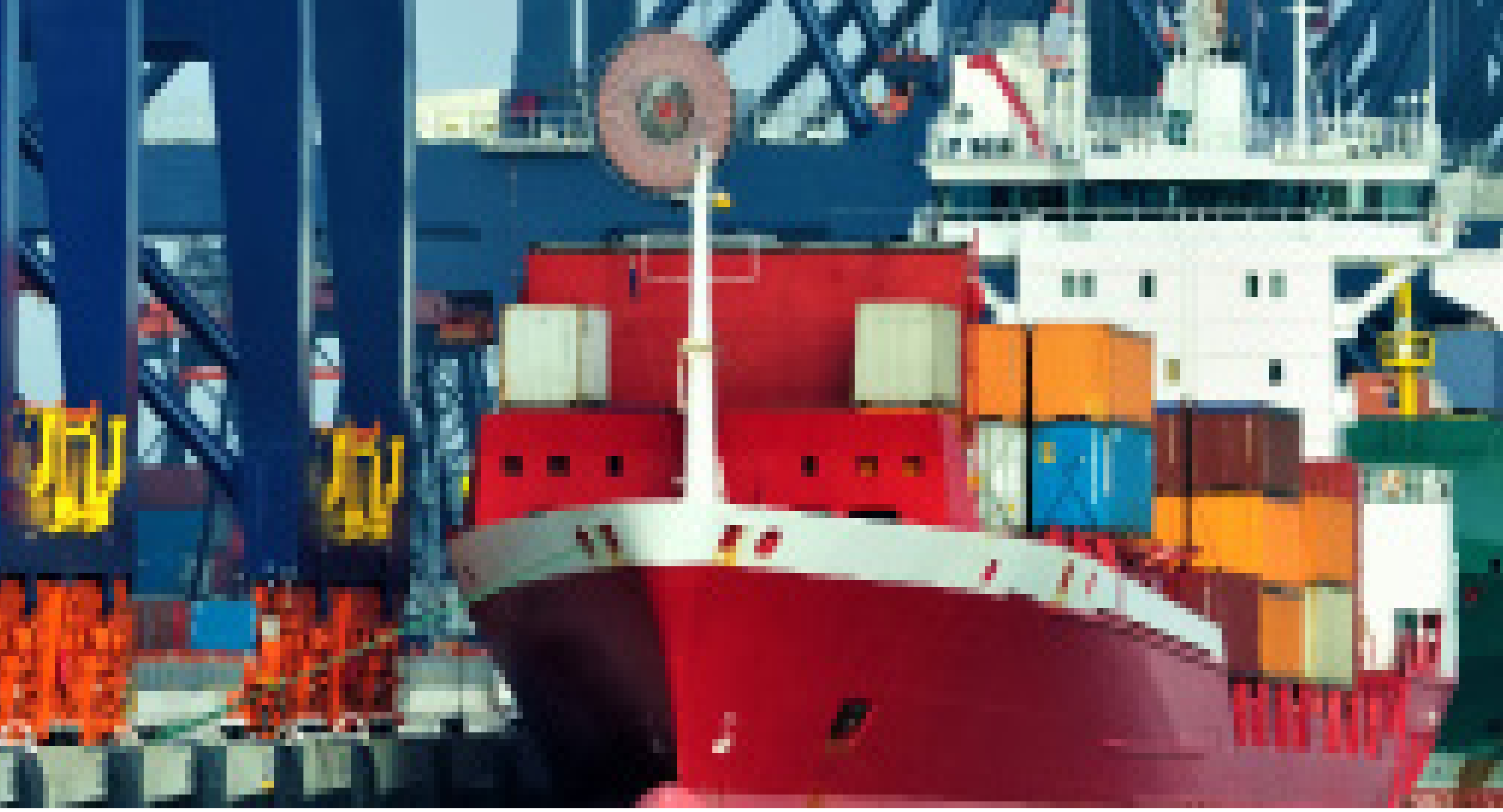

Iran Conflict – Global Shipping Risks Explained

Armed conflict with Iran commenced on February 28, 2026. Since that time vessel operators, logistics providers, cargo owners, and those looking to receive landed product have faced far-reaching challenges. War is not a new risk any more than supply chain interruption risk. Still, this conflagration and its epicenter at the Strait of Hormuz raises legal issues in ways that the global pandemic (2020), war in Europe (2022), war in the Gaza and the Red Sea (2024), and the IEEPA tariff roll-out (2025) only brushed upon. This article explains the top legal concerns on industry minds today and their impact.

Insurance Impact

Geopolitical instability places stress on marine insurance placements by testing coverage assumptions that often remain unexamined during stable periods. The current environment is no exception. For vessels engaged in the carriage of petroleum, petrochemicals, fertilizer, helium, and other politically sensitive cargoes, risk is under close review by stakeholders. Risk allocation is increasingly shaped by the interaction of policies, contracts, and counterparties, the dynamics of which too often become clear only after a delay, detention, or loss has occurred.

War risk insurance, which is typically maintained as a separate placement from hull and machinery coverage, has taken on renewed significance in light of the conflict. Underwriters are scrutinizing voyage profiles with greater intensity, including the effects of routing, port calls, cargo descriptions, and counterparty exposure. Insureds should expect renewals and midterm adjustments to include additional premiums, expanded notice obligations, and voyage specific endorsements. Strict compliance with those requirements is essential since failures involving notice, warranties, or trading limits may materially impair coverage. Sanctions related exclusions further complicate recovery, particularly where losses are connected to state actors, designated entities, or restricted jurisdictions.

Hull and machinery policies present distinct but related challenges. Losses arising from detentions, seizures, blockades, or adverse governmental actions fall between insured marine perils and excluded war risks. Coverage disputes in these areas tend to turn on causation, particularly whether the proximate cause of a loss is operational or geopolitical in nature. Where commercial or navigational decisions intersect with evolving political conditions, insurers and insureds often end up with divergent views about the intent and scope of coverage.

Cargo interests face similar exposure. Standard cargo policies exclude war related risks, including seizure and confiscation, absent a specific endorsement. When coverage is declined, shippers may look to contractual mechanisms such as letters of indemnity or force majeure provisions for relief. However, these tools frequently offer limited protection where losses fall outside insured risks or implicate sanctions compliance. Claims in these contexts tend to be fact intensive and slow to resolve, underscoring the importance of early coordination with insurers.

Supply Chain Impact

Acute challenges to supply chain functions across operators and shippers have been broader than many outside of the industry would imagine. For example, traffic in the U.S. trades has drawn outstandingly fast attention from the Federal Maritime Commission ("FMC") as well as Customs and Border Protection ("CBP"). Air cargo markets have seen the double challenge of increased volumes and airspace closures. Shipper industries outside of core petrochemical businesses have witnessed the threat of war surcharges, letter of indemnity demands, force majeure notices, reroutings, and delivery delays.

Two immediate changes under regulatory law emerged in quick succession. First, CBP issued a Jones Act waiver effective March 17 to May 17. This waiver permits foreign flagged, owned, and operated vessels to traffic across sequential ports of call in the United States. It is intended to increase shipping capacity in the U.S. trades. Second, the FMC issued a shipper-protective announcement on March 11 followed

by a denial of four Special Permission requests filed by steamship lines seeking to waive the 30-day publication requirement for war surcharges. Across these actions, the FMC advised beneficial cargo owners to closely review carrier tariffs and service contracts, and to consider dispute resolution and litigation in the event of breach, while also reminding the lines that any deviation from tariff publication rules requires an adequate showing of cause.

Ocean carrier bid season is occurring alongside this conflict which has raised some new commercial challenges between shippers, their carriers, and NVOCCs. Rating and cost variance may rise again as a challenge for procurement departments just as it did during the pandemic. Simultaneously, we are seeing repeated instances of letter of indemnity demands placing shippers on notice that loss may be recoverable and uninsured. We are also seeing early rumblings of force majeure claims. The challenge with force majeure, however, is that it is a defense to non-performance rather than a "free for all" in the event of costly or challenging operations. It is common for blanket force majeure notices to be legally deficient, since the events claimed do not prohibit performance, or if they do, the period of non-performance does not align with the occurrence of those events as is required under the law.

War defenses to cargo loss and damage claims are the bedrock issue at the heart of commercial relationships during this period. Carriers of all modes have long avoided liability under the law for losses caused by acts of war, government intervention, or the public enemy. In the U.S., the Carriage of Goods by Sea Act ("COGSA") governs liability for ocean shipping and yet has historically excluded responsibility resulting from war (46 USC 30706 (Note at Section 4(2)). Similarly, international air carriage subject to the global treaty known as the Montreal Convention has since its inception excluded liability for an act of war or armed conflict (Article 18 at Section 2(c)). In all events, delay is typically not compensable as a damage under ordinary circumstances and the total cost of service can be expected to lawfully increase in the event of reroutings.

Navigating These Waters

This geopolitical environment is a wake-up call for awareness of the interconnectedness between marine insurance, global supply chain operations, and commercial risk allocation. The initial point of interruption is probably no surprise. For vessels carrying petroleum, petrochemicals, and other strategic cargoes, these tensions manifest first as operational disruptions affecting routing, schedules, and vessel availability. The knock-on effects are harder for many to predict and manage. Resulting changes in insurance market responses, supply chain decision making, regulatory response, and the potential for disputes are as wide-ranging as they are impactful.

Persistence of these conditions will trigger sustained pressure on marine insurance markets with war risk premiums, listed trading areas, sanctions exclusions, and compliance requirements that demand the insured's close attention. Operational disruptions and disputes over surcharges, force majeure, and war cargo coverage affect cargo flows and commercial relationships, producing immediate downstream effects for ports and operators even where local operations remain stable. Needless to say, these are the times when risk and supply chain professionals can become heroes of their organizations by rising to the occasion and charting the best course of action.

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Texas 1877 Tall Ship *ELISSA* Joins SAIL250 Voyage

The Official Tall Ship of Texas, the 1877 Tall Ship *ELISSA,* will set sail from Galveston this May to join Sail250, a global gathering of tall ships and military ships celebrating America's 250th anniversary. *ELISSA,* a National Historic Landmark and one of the few 19th century tall ships still under sail, will lead fellow Class A tall ships into New York Harbor on July 4, joining the largest-ever flotilla of historic vessels and sailing ships from around the world. Along the way, *ELISS*A will visit Pensacola, Savannah, Yorktown, Portsmouth, New York City, and Boston on a three month voyage.

Organized and led by Galveston Historical Foundation ("GHF"), a nonprofit organization that owns and operates the ship, the voyage marks *ELISSA*'s first return to New York in nearly 40 years; she last visited in 1986 for OpSail, held in honor of the Statue of Liberty's centennial and the 210th anniversary of American independence. Built in 1877 by Alexander Hall & Co. in Aberdeen, Scotland, *ELISSA* is a three masted, iron hulled barque and one of the few authentic 19th century tall ships still actively sailing today.

Carrying 19 sails that cover more than one-quarter of an acre, *ELISSA* measures 205 feet from stern to jibboom and stands 99 feet, 9 inches at the main mast. Unlike many vessels seen at waterfront festivals, *ELISSA* is not a replica, but a surviving merchant ship whose 90-year commercial career took her to ports around the world before she was rescued from a scrapyard in Piraeus Harbor, Greece, by Galveston preservationists determined to save her.

"*ELISSA* is not simply traveling to commemorate a milestone, she is doing what she was built to do—connect communities through maritime history," said Will Wright, Chief Creative Officer for GHF. "This project reflects decades of stewardship and investment, and it reinforces our commitment to ensuring that Galveston's history continues to be told on a national stage."

Six Ports, One Historic Mission

Before and after the America250 festivities in New York, *ELISSA* will make a series of strategic port calls, bringing her story, crew, and a fully authentic 19th century square rigged sailing experience to coastal communities along the Eastern Seaboard. Planned port calls include Pensacola, Florida, May 23–24; Savannah, Georgia, June 5–6; Yorktown, Virginia, June 12–14; Portsmouth, Virginia, June 19–22; New York, New York, July 3–7; and Boston, Massachusetts, July 11–15.

At each stop, GHF will activate *ELISSA* as a traveling classroom and cultural ambassador through public deck tours, Salute to Sunset parties, and special sailing events, as well as appearances at premier tall ship festivals and waterfront celebrations. These programs are intended to connect audiences not only to a milestone in American history, but also to the living traditions of seamanship, preservation, and maritime storytelling that *ELISSA* represents.

A Living Ambassador

Today, *ELISSA* is a fully functional sailing vessel operated by GHF at the Galveston Historic Seaport. Unlike many tall ships that sail as commercial attractions, *ELISSA* is owned and operated as a nonprofit endeavor. For nearly 50 years, GHF has led the ship's rescue, restoration, and ongoing management and continues to invest in the preservation, maintenance, and crew training required to keep this important vessel alive, seaworthy, and under sail. She continues to sail annually during Gulf Coast sea trials and welcomes thousands of visitors each year for tours, education programs, and special events interpreting Galveston's role in maritime trade, immigration, and U.S. history.

During the late 19th and early 20th centuries, the Port of Galveston served as a major immigration gateway to the United States, particularly for arrivals from Europe and Latin America. Before Ellis Island opened in 1892, large numbers of immigrants disembarked in Galveston and then continued inland by rail to Texas and other regions of the country. *ELISSA*'s interpretive programs help connect this broader immigration and maritime history to contemporary audiences, linking the ship's 19th century working life with Galveston's role as a historic port city.

The *ELISSA*'s sailing crew includes eight paid officers and staff and approximately 34 trained volunteers when underway, reflecting the extraordinary level of commitment required to keep a vessel of her age active and seaworthy. GHF credits its award winning volunteer program—and the organization's ongoing investment in training, maintenance, and maritime preservation—as the reason *ELISSA* remains a working ship rather than a static museum exhibit, preserving both the vessel and the skills needed to sail her for future generations.

"For Galveston, the America250 voyage is both a national showcase and a statement of identity," said Dwayne Jones, executive director and chief executive officer for GHF. "As a historic port city whose story is deeply tied to maritime commerce, immigration, and coastal life, Galveston will be represented on a global stage by a vessel that has become one of its most visible and meaningful ambassadors."

For more information on GHF and the 1877 Tall Ship *ELISSA*, visit GalvestonHistory.org or follow @galvestonhistory and @galveston250 on social media.

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EXECUTIVE EDUCATION

Short-Term CEO Pay Isn't Always a Mistake

When companies break loan terms, boards adjust CEO pay to focus on stabilizing finances.

Key Takeaways:

- Short-term CEO pay is not always a sign of bad governance. When debt pressure rises, it can serve a practical purpose.
- After breaking loan terms, boards shorten how long CEOs have to deliver results and tie pay more closely to near-term financial health.
- Bond investors respond as if the company has become less risky, while stock investors show little concern.

Short-term CEO pay tends to draw criticism from investors, governance advocates and academics alike. The thinking goes: If executives are encouraged to prioritize near-term targets, they may sacrifice long-term value for immediate results. They might rush sales, for example, or fast-track products to meet their numbers. It's a valid concern. But it assumes companies operate under stable conditions.

A new study by Brian Akins of Rice Business and his co-authors, published in Contemporary Accounting Research, suggests the story is more complicated. When a company violates the terms of a loan, by taking on too much debt or missing promised earnings, the bank gains leverage and can demand changes, raise interest rates or even require early payment.

When that happens, the board turns its attention from long-term growth to stabilizing the company's finances. That often means rethinking how the CEO is paid. "This is about more than cost-cutting," Akins says. "It tells creditors the CEO is focused on keeping the company solvent."

What happens when a company violates a loan covenant?

To see how boards respond when debt covenants are breached, the researchers looked at 1,268 loan agreements from 186 companies from 2007 through 2018. They used a research design that compares firms that just violated a loan covenant with those that narrowly avoided doing so, allowing them to isolate what changes at the moment of the breach.

By focusing on firms just above and just below the threshold, the study isolates the effect of the violation itself. When firms violated those conditions, boards adjusted CEO pay in consistent ways.

First, they shortened the timeline for earning performance-based compensation. On average, the vesting period shrank by roughly six months, a decline of about 26% to 30% compared with typical incentive structures. That change compresses accountability, making executives feel the consequences of their decisions sooner.

Boards also increased the weight placed on short-term accounting targets, such as annual earnings goals. The share of pay tied to those measures rose by 47% to 87%. In practical terms, that shift ties executive rewards more directly to financial metrics that affect whether the company can meet its debt obligations rather than to longer-term stock performance. Importantly, total pay did not decline. What changed was the timing and emphasis of those incentives.

"It's easy to say long-term is always better," Akins notes. "But when a company is facing pressure from its lenders, shifting the CEO's focus to immediate results can protect both the company and its investors."

Do markets see these pay changes as lower risk?

The researchers also looked at how markets reacted when companies disclosed these revised pay structures. If shorter incentive timelines reduce default risk, creditors should respond. The evidence suggests they did.

Around the time firms disclosed new pay contracts after breaching loan terms, bond prices rose. At the same time, credit default swap (CDS) spreads, a market-based measure of default risk, declined. When CDS spreads fall, it signals that investors see a lower likelihood the company will miss its debt payments.

The effect was strongest for short-term debt. One-year CDS spreads fell by roughly 4%, suggesting that creditors with the most immediate repayment concerns viewed the compensation changes as meaningful. Equity markets, by contrast, showed little reaction. Stock prices did not decline in response to shorter incentive horizons, suggesting shareholders did not see the shift as harmful to long-term value.

Taken together, the market response suggests the change was not merely symbolic. Bond investors treated the change as a sign of lower repayment risk, while equity investors showed no sign of concern.

Context matters for CEO pay

That response, however, was strongest when default risk was most immediate — when loans were nearing maturity or cash reserves were thin. In those cases, aligning the CEO's incentives with creditors' short time horizon appeared to matter most.

The study's design strengthens that interpretation. By comparing firms that violated loan thresholds with those that narrowly avoided doing so, the researchers isolate the effect of the breach itself rather than broader financial distress. Within that setting, the pattern is consistent: shorter incentive timelines follow covenant violations, and credit markets respond.

That does not mean shorter incentive horizons are always desirable. Under stable conditions, they can encourage the very myopia critics warn about. But when debt pressure rises and lenders gain leverage, shortening the horizon may serve a different purpose, stabilizing the firm and reducing repayment risk.

The debate over CEO pay, in other words, may be less about long-term versus short-term, and more about context. "It's easy to say long-term is always better," Akins notes. "But when a company is facing pressure from its lenders, shifting the CEO's focus to immediate results can protect both the company and its investors."

Seb Murray
Contributing Writer

Rice Business

Photo courtesy of Rice University.

GHPB Scholarships for Members

Congratulations to the Rice Business Executive Education Scholarships Winners: Ariana Almaguer and Karl Schröder

The Greater Houston Port Bureau has awarded scholarships to Ariana Almaguer, Amegy Bank, and Karl Schröder, Schröder Marine Services, Inc., for professional leadership development at Rice Business Executive Education's Leading Organizational Change for April 21-23, 2026. Valued at $4,875, each scholarship includes full tuition, class materials, meals, and refreshments.

The recipients are:

Ariana Almaguer
Amergy Bank

Karl Schröder
Schröder Marine Services, Inc.

This three-day program provided participants with the actionable skills and strategies needed to lead transformative organizational change. In this program, participants learned to bridge six strategy gaps in: (1) lead change, 2) design and execute change, 3) turn resistance into momentum, 4) build resilience and agility, 5) assess leadership strengths, and 6) new opportunities for growth.

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Executive professional scholarships have been generously underwritten by Rice Business Executive Education, Rice University. For more information and details about Rice Business Executive Education programs, contact Zoran Perunovic at Zoran.Perunovic@rice.edu

Why Critical Exercise Participation is Key to the Houston Ship Channel

The Houston Ship Channel is not simply a waterway serving the Gulf Coast, it is one of the most critical pieces of infrastructure in Texas and in the United States. As the backbone of the nation's energy logistics network, it plays an indispensable role in fueling domestic industry, supporting global trade, and safeguarding economic stability. Its importance extends far beyond regional commerce as it is a strategic national asset whose security and resilience directly impacts the country's energy supply chain.

Stretching 52 miles from the Gulf of Mexico to the turning basin, the Houston ship channel supports one of the busiest ports in the United States in terms of tonnage. More importantly, it anchors the largest petrochemical complex in the Western Hemisphere and the largest refinery in the United States. Refineries and petrochemical facilities along the channel process a significant percentage of the nation's fuel supply, including gasoline, diesel, jet fuel, and liquefied natural gas. Crude oil imports and exports, refined products, chemicals, and other bulk commodities move through this corridor daily, connecting Texas energy production to global markets.

For Texas, the Houston Ship Channel is an economic engine. It supports hundreds of thousands of jobs, generates billions in economic activity, and reinforces the state's leadership in energy production and export. For the nation, it is a strategic energy hub. Disruptions to this waterway, whether caused by natural disasters, cyber incidents, security threats, or accidents, can ripple across supply chains, affecting fuel prices, industrial production, and national security.

Given its strategic significance, the Houston Ship Channel must be treated as the critical infrastructure it is. Security, operational continuity, and resilience require constant coordination among all stakeholders from the federal, state, and local authorities, as well as private industry partners. The Maritime Transportation Security Act ("MTSA") framework provides the structure for this collaboration, but the effectiveness of that framework depends on consistent communication, preparedness, and shared responsibility.

A recent tabletop exercise conducted in partnership between the Houston Ship Channel security district and the Port Bureau demonstrated the value of proactive coordination. The exercise brought together the U.S. Coast Guard, local and state law enforcement agencies, Federal Bureau of Investigation, and approximately 70 representatives from waterfront facilities to evaluate response protocols in the event of a port disruption. The goal was not merely compliance, but the development of lessons learned and best practices to strengthen our collective preparedness.

These exercises are essential. They create an environment where stakeholders can identify gaps, test communication channels, and clarify roles and responsibilities before a real-world incident occurs. In the complex ecosystem of a major port, timely and accurate information sharing is critical. Whether addressing a security threat, a hazardous materials incident, or a shift in operational posture, coordinated communication ensures that decisions are implemented effectively across all facilities.

“Strong security begins with strong communication and partnerships. Exercises with partners like the U.S. Coast Guard, local and regional partners remind us that before any regional security event, the most important tool we have is clear coordination, sharing information, aligning expectations, and building trust so that when it matters most, we respond as one unified team,” said Jessica Thomas, chairman, Houston Ship Channel Security District.

Special recognition is due to the U.S. Coast Guard personnel and the law enforcement agencies who participated, as well as the waterfront facility representatives who committed their time and expertise. Their engagement strengthens the Captain of the Port’s ability to communicate efficiently and effectively regarding security measures and any adjustments to MARSEC Levels. When stakeholders understand how information flows and how decisions are made, the entire port community becomes more resilient.

As threats evolve, whether physical, cyber, or geopolitical, continued investment in exercises, training, and interagency collaboration is not optional; it is imperative. Organizing regular MTSA tabletop exercises and similar preparedness initiatives ensures that communication lines remain clear, response procedures remain current, and trust among stakeholders remains strong.

Ultimately, port security is a shared responsibility. It does not rest solely with federal authorities or law enforcement. Every facility operator, employee, contractor, and maritime partner plays a role. Vigilance in reporting suspicious activities, adherence to established security protocols, and commitment to best practices are essential components of maintaining the integrity of our ports.

The Houston County Sheriff's Office (“HCSO”) Maritime Tactical Operations Section is part of the USCG Maritime Tactical Operations Group (“MTOG”), which serves as a force multiplier for the U.S. Coast Guard. Numerous federal, state, and local stakeholders operate in and around the Port of Houston, which spans multiple jurisdictions. Combined with the vital role the Houston Ship Channel plays in the local, state, and national economy, it becomes clear how critical preparedness and coordination are for this region.

We must build and maintain strong relationships with the agencies that would respond to these incidents to ensure a coordinated and effective response to large-scale emergencies, said David Jasper, Captain Industry & Emergency Management Division.

Threats to the channel include natural disasters such as hurricanes and tornadoes, as well as man-made incidents such as chemical leaks, fires, and explosions. Additionally, the potential threat of terrorism is ever-present. For these reasons, partnerships among federal, state, and local first responders are essential. We must build and maintain strong relationships with the agencies that would respond to these incidents to ensure a coordinated and effective response to large-scale emergencies, said David Jasper, Captain Industry & Emergency Managment Division, HCSO. These relationships are strengthened through information sharing, joint training opportunities, including tabletop exercises, and collaboration in the planning and execution of major events.

The Houston area frequently hosts large-scale events, such as the Houston Livestock Show and Rodeo (the largest rodeo in the world, attracting more than two million visitors over the course of a month), the inaugural Houston USN Fleet Week, and the FIFA World Cup. Virtually every first responder agency in the region plays a role in these events. Participating in such operations enhances preparedness and interoperability among Houston-area first responders.

“Bringing together federal, state, and local agencies and facility stakeholders to participate in an MTSA / security table-top exercise enhances preparedness for the entire Ship Channel and is another example of how the Houston Ship Channel Security District fosters collaboration and enhances emergency response planning,” said Steve Roberts, Roberts Law Group / Chemical Security Group.

The Houston Ship Channel is a cornerstone of Texas prosperity and a strategic asset for the United States. Protecting it requires continuous collaboration, disciplined communication, and a collective commitment to security. Port security is something we all must do and something we all must take seriously.

Founded in 1929, the Port Bureau is a non-profit trade organization dedicated to the success of the Houston Ship Channel with over 240 member companies. The Port Bureau promotes cooperation and collaboration to advance the port region for the benefit of all.

The Port Bureau members represent every sector of the maritime industry, from agents to admiralty lawyers, shippers to stevedores, and terminals to truckers. With four membership levels available, members can select the level best suited to their involvement in the maritime industry.

Greater Houston Port Bureau

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Congratulations to Port Bureau Members of the Month

January

Karl Schröder is Vice President of Operations at Schröder Marine Services. Karl currently serves on the Board of Directors for the Greater Houston Port Bureau, chairman of the dinner committee and is actively engaged in committees supporting our members.

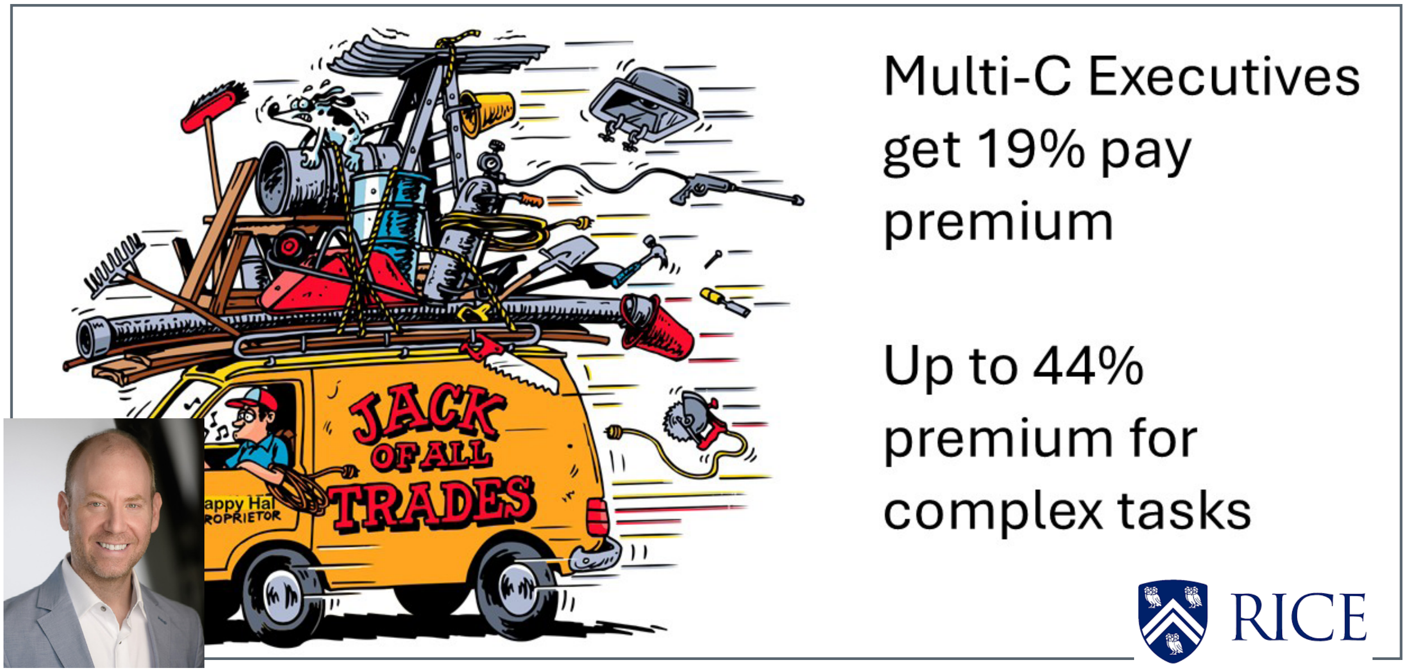
March

Dr. Zoran Perunović is Senior Director of Executive Education at Rice University. With more than 30 years of experience in executive education, consulting, and academia, he specializes in innovation strategy, complex problem solving, and leadership of large-scale industry networks, collaborating globally with corporations, startups, and public-private partnerships.

RICE | BUSINESS
EXECUTIVE EDUCATION

January Commerce Club Featuring Scott Sonenshein, Henry Gardiner Symonds Professor of Management-Organization Behavior, Rice University

Leading Under Constraints: Turning Resourcefulness into Results



Dr. Scott Sonenshein, the Henry Gardiner Symonds Professor of Management-Organization Behavior at Rice University and bestselling author was guest speaker at the January Commerce Club Luncheon. Widely recognized for his decades of research on organizational change and resourcefulness, Sonenshein presented “Leading Under Constraints: Turning Resourcefulness into Results”.

Reflecting back to his early career in Silicon Valley, Sonenshein described operating under what he termed as “chasing” ideology –that more resources equal better results. “The challenge with that,” he said, “is that we expend so much time and energy trying to acquire resources that we lose touch with the resources that are already around us.”

This led him to the development and research into the concept “stretching” , that better use of resources equal better results. “We're thinking about what we have access to, and we're coming up with different ways of using it,” said Sonenshein.

The underlying theme of Sonenshein’s presentation was the power of constraints. Rather than viewing limitations as obstacles, he encouraged attendees to see them as catalysts for innovation. He shared the story behind Nike’s iconic slogan “Just Do It”, created by advertising executive Dan Wieden under tight deadlines and limited resources. “Constraints,” Sonenshein noted, “can be a license to do things differently and oftentimes, better.”

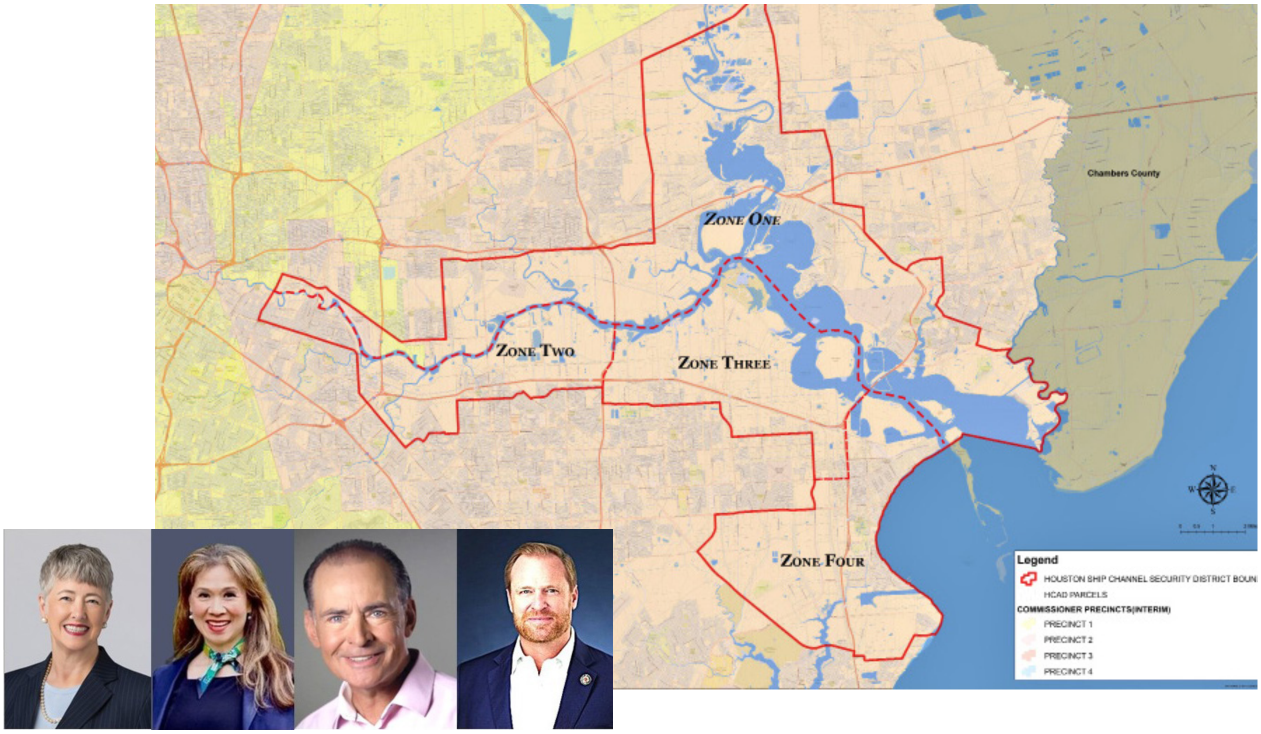
Sonenshein’s presentation also challenged the conventional reliance on expertise alone. While expertise plays an important role, his research showed that in uncertain and complex environments, outsiders often provide critical insights. He encouraged organizations to build teams that balance deep knowledge with diverse experiences, noting that leaders with broader, cross-functional backgrounds can often be better equipped to navigate disruption.

Lastly, Sonenshein stressed the value in the ability to adapt quickly and to effectively improvise in response to unexpected obstacles. Traditional, highly structured models usually work well in stable environments but can falter during disruption. However, organizations that adopt a more flexible, improvisational approach are better positioned to thrive.

Creating psychological safety and ownership are two key elements needed for a more flexible business model. Employees must feel safe to take risks, experiment, and learn from mistakes. A sense of ownership over their work and resources prompts initiative and innovation. “They can't wait for someone else. They can't wait for more resources,” Sonenshein explained. “They've got to solve it, and they've got to solve it relatively quickly.”

Sonenshein is the author of “Stretch: Unlock the Power of Less – And Achieve More Than You Ever Imagined” and co-author (with Marie Kondo) of Joy at Work: Organizing Your Professional Life. His award winning research, teaching, and consulting has helped Fortune 500 executives, entrepreneurs, and professionals.

February Commerce Club Featuring a Panel Discussion with Harris County Judge Candidates



The Greater Houston Port Bureau presented an informative panel discussion session with Harris County Judge candidates at its February Commerce Club luncheon. Vincent DiCosimo, senior vice president of government affairs at Targa Resources and chairman of the Port Bureau, served as moderator.

Kicking off the event, DiCosimo also highlighted the strength of the port region and the Port Bureau's continued growth as it approaches its 100-year anniversary. Despite challenges in 2025, the region saw strong performance across cargo, energy, and cruise sectors, reinforcing the Houston Ship Channel's role as a key economic driver.

The featured panel included Aliza Dutt (R), Marty Lancton (R), Annise Parker (D), and Orlando Sanchez (R). The candidates discussed their unique experience and introduced their goals based on four areas of concern presented by the moderator:

1. Their first priority in the role of the Harris County Judge position;
2. Managing Harris County budget priorities – which includes such vital concerns as public safety, emergency management, and infrastructure -- without raising taxes;
3. The role of Harris County Judge in coordinating the interaction required with federal, state, and local government in emergency management activities; and
4. Workforce development.

In response, candidates broadly emphasized the importance of ensuring safe communities, supporting law enforcement, and improving coordination across the county's numerous agencies. They also discussed the need for improved budget management by examining fiscal responsibility, identifying inefficiencies, and prioritizing essential services such as infrastructure, emergency management, and flood control. Strategies to sustain economic growth and workforce development ranged from investing in training programs and maintaining a business-friendly environment to strengthening workforce pipelines, particularly in skilled trades and technical fields.

Aliza Dutt, previously a seasoned energy analyst at IHS Energy, currently serves as the mayor of Piney Point located just west of Houston. Patrick "Marty" Lancton, a longtime firefighter and president of the Houston Fire Fighters Association, has spent over two decades serving the community in civic and charitable initiatives. Annise Parker served six years as Houston Mayor, after serving terms as an at-large Houston City Council member and city controller. Orlando served as treasurer for Harris County for almost 12 years and as a Houston City Council member for six years.

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March Commerce Club Featuring a Cybersecurity Panel Discussion

Panelists Review New USCG Cybersecurity Rule and Operational Vulnerabilities

A panel of seasoned industry professionals examined cybersecurity, one of the most critical challenges facing the global maritime industry at the Port Bureau's Commerce Club in March.

Julio Gonzalez, founder & CEO of Sentinel Resilience Group, served as moderator. Marco Ayala, president of InfraGard Houston; Chris Wolski, president and CEO of Applied Security Convergence; and Steve Roberts, Roberts Law Group/Chemical Security Group served on the panel. Together, they provided an insightful discussion on how the maritime and energy sectors are adapting to new threats.

Gonzalez set the stage by emphasizing the growing intersection of geopolitics and cyber risk, and its direct impact to private sector operations. Describing an incident that had just occurred that had affected access to systems and operations across a workforce of 50,000-plus employees worldwide, Gonzalez said, "Consider what a similar disruptive cyberattack could mean for the maritime transportation system. Ports like ours in the Houston region are globally connected logistics hubs. A successful cyber event affecting terminal operations, vessel traffic management, or industrial control systems could ripple far beyond this region, impacting supply chains, energy markets, and national economies."

Steve Roberts offered a quick legal overview of the new Maritime Transportation Security Act ("MTSA") cyber rule. The rule took effect in July, with staggered compliance deadlines starting with training that began in January, and additional requirements extending through July 2027. Facilities (and Outer Continental Shelf operations, and possibly vessels—though vessel implementation is currently uncertain) that already maintain an MTSA Facility Security Plan will be required to submit a dedicated cybersecurity plan by July 2027.

Marco Ayala and Chris Wolski explored the realities of integrating cybersecurity existing safety and operational frameworks. They emphasized that cybersecurity must be embedded into organizational culture while also aligning with performance and reliability goals.

"I see a lot of organizations taking a similar approach to what we have to do with safety," said Wolski. "Make it a culture. Make it part of everything that we do on a daily basis. We have our safety stand-downs … See something, say something. If something doesn't look right, doesn't feel right, say something, and apply that to the cyber cone."

Ayala underscored the importance of addressing long-standing vulnerabilities, such as poor password practices and unpatched systems, while also managing newer risks introduced by remote connectivity and third-party vendors. "I've been doing this since 2000, and I can tell you we're still failing on some of the very simple things, such as passwords," noted Ayala.

The growth of remote workers (that began in COVID) and industry digitization initiatives can present "blind spots" for cybersecurity and safety. Ayala stressed that many organizations utilize packaged units with trusted vendors. These packaged units often connect both to facility and home communications, making it hard for an organization to control a vendor's security practice. "It's really important that as you bring in new systems, you vet these things … You must bake in cybersecurity. Not just a checklist, but a verification," he emphasized.

These imperatives encompass not just terminals, but vessels and the operational technology that is being built into them. Panelists agreed that blind spots could be at any level, and systems must evaluated from top to bottom by all team members to minimize vulnerabilities.

InfraGuard and the Maritime AMSC Security Subcommittee hold monthly joint meetings. They discuss best practices, share in problem solving, and offer a "heads up" on topics such as cyber regulations and rules. They also facilitate getting people together "to put names with faces" to make working together easier when difficulties arise. FSOs and cybersecurity officers are encouraged to attend.

FUTURE EVENTS: txgulf.org/events

- May 14: GHPB Commerce Club Luncheon with guest panelists Lance Nunez/Dow Inc.; Darren Shelton/ Moran Shipping Agencies; Captain Petr Kontush/Stolt Tankers; and Shri Sarathy/LBC Tank Terminals.
- June 11: GHPB Commerce Club Luncheon with guest Doug Schrock, Managing Principal|Artificial Intelligence at Crowe, LLP
- August 22: 97th Annual Maritime Dinner - Visit txgulf. org\annual-dinner
- November 2: 18th GHPB Annual Captain's Cup Golf Tournament-SAVE THE DATE

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