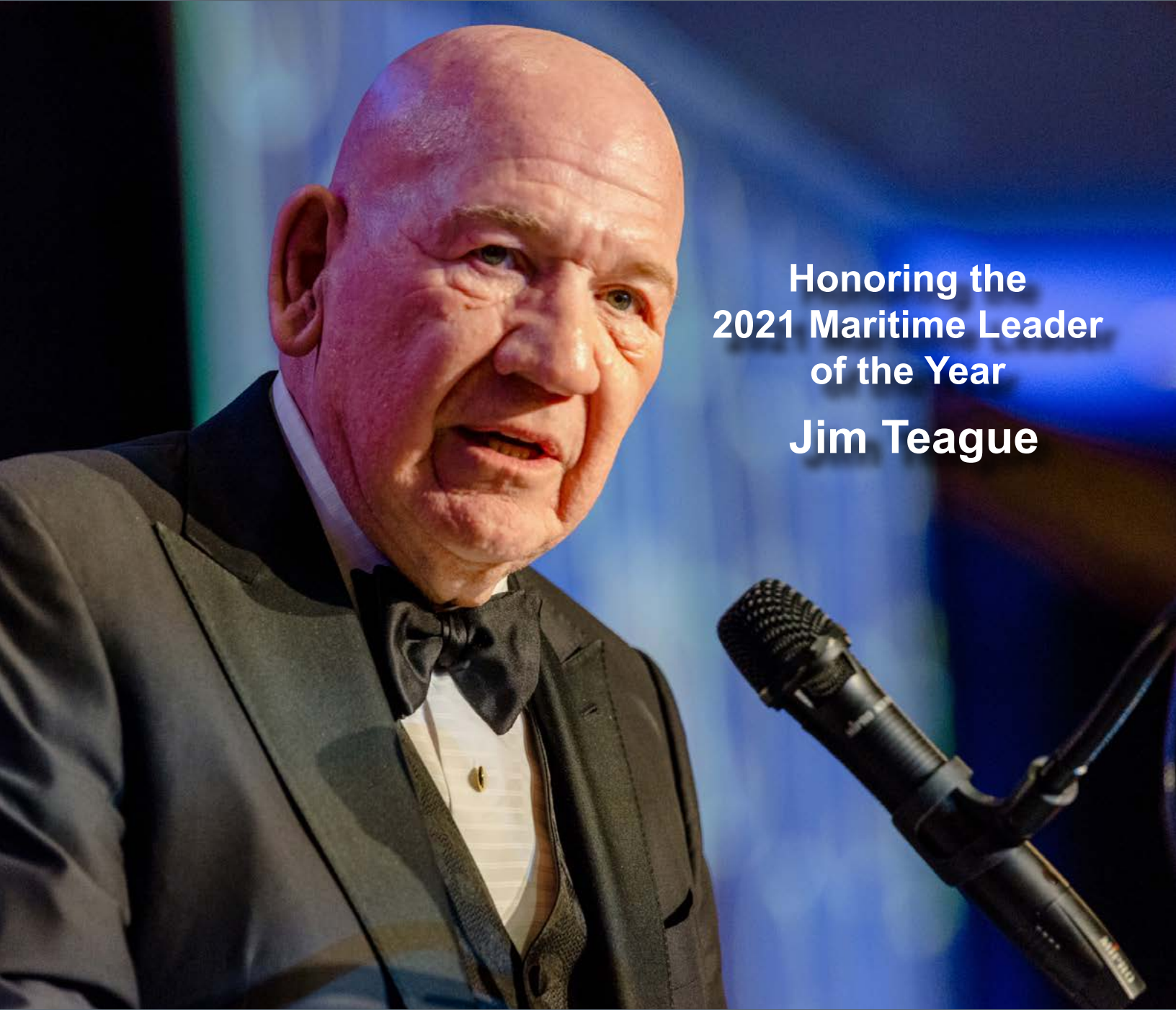


Greater Houston Port Bureau

Port Bureau News

November 2021



**Honoring the
2021 Maritime Leader
of the Year
Jim Teague**

Also in this Issue: [Captain's Corner](#) | [Port Watch](#) | [Cybersecurity: The Future is Now](#) |
[Port Bureau Updates](#) | [Captain's Cup Golf Tournament](#) |
[Commerce Club](#) |

Contents



About the Cover

A.J. "Jim" Teague, CEO of the general partner of Enterprise Products Partners L.P., was named the 2021 Maritime Leader of the Year. Teague was honored for his outspoken advocacy and financial investment to improve the Houston Ship Channel, and for rallying industry to work together to achieve that goal. Read more on page 10.



CAPT Bill Diehl, president of the Greater Houston Port Bureau, Frances Castañeda Dyess, president of the Houston East End Chamber of Commerce and keynote speaker Randy Fowler, Co-CEO, general partner of Enterprise Products Partners honoring Jim Teague. Read more on page 10.

Feature Articles

Captain's Corner: Disruption of Santa's Sled?.....3
Port Watch: Palmer's Hero.....4
Cybersecurity: The Future is Now.....6
GHPB Scholarship.....9
92nd Annual Maritime Dinner.....10
Port Bureau Updates.....14
Captain's Cup Golf Tournament.....20
Commerce Club.....22
Executive Partners.....24

Advertising Index

Buffalo Marine Service.....16
 Cooper/Ports America.....15
 Houston Pilots.....23
 Suderman & Young Towing Company.....9



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Disruption of Santa's Sled?

I'm not sure we have seen the end of business turbulence associated with COVID, but judging by our recent events, we are definitely seeing people willing to gather. In the first few days of November, we hosted our Annual Maritime Dinner, Captain's Cup Golf Tournament, and a Commerce Club Luncheon. All were enjoyable and well attended. We couldn't have asked for more perfect weather for our golf tournament at Sugar Creek Country Club or a better gathering of executive fellowship at the Bayou City Event Center to honor Jim Teague. Some photos of these events are in this month's magazine. Thank you to everyone, especially our sponsors.

Our third event, the sold-out November Commerce Club luncheon, featured Roger Guenther giving an update on Port Houston, its operations, and Project 11. He also discussed the disruption in the supply chain and took questions from attendees and media interested in the status of our container terminals. Roger said we all are dealing with the surge of global goods being imported in one way or another – but emphasized that our port is not broken, just stretched. He noted that goods are moving, and Port Houston is actually moving more containers than ever before.

From conversations with Roger and other parties in the supply chain, the message is clear and consistent - the entire supply chain needs to be able to move more goods and adapt to the new last mile. CORVID accelerated the trend of goods being bought online and delivered directly to consumers from warehouses and fulfillment centers versus being bought and picked up at brick and mortar stores. This is causing backups at the end of the distribution chain with containers and truck chassis pooling at warehouses or being picked up from the yards. With dwell times swelling, the supply chain starts to run out of equipment (containers and truck chassis), which is the cause for a lot of the disruption. Retailers started their Black Friday sales extra early to make sure Santa's helpers had time to process despite supply chain disruptions.

With the media showings daily videos of large container ships anchored off LA/Long Beach and Lego-like container towers throughout the country, it's putting supply chain optimization in the spotlight. When the media calls me, I echo Roger's statement that our port is not broken. Yes, there are challenges to our rapid growth, but our problems are minor compared to the West Coast ports. I then bridge the conversation to highlight that the container market only makes up 15% of our port portfolio, and we are primarily a



petrochemical port. The call usually ends there as they called to cover chaos, not champion a well-oiled petrochemical port.

Such cargo diversity gives us much to be grateful for, but we can't be lackadaisical. Cargo will ultimately find the cheapest, fastest, most dependable route. We don't ever want our ports to be the problem. This is why we are doubling down on efficiency and operational improvements to give our shippers the best value for their dollars.

The greater port of Houston is known for being a competitive yet cooperative place for progress. 2022 will mark the 93rd year of the Port Bureau working to bring the port community together to collaborate for advancements that benefit everyone. Such a legacy fuels us towards seeing further achievements in our industry! I hope you will continue teaming up with the Port Bureau for another year of promoting success on our waterway.

I look forward to seeing you as we all keep an eye on how Santa's sled is moving through the holidays. I am confident that by working together, it will be on time.

Bill



CAPT Bill Diehl
USCG (Ret.), P.E.
 GHPB President

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Port Watch

Palmer's Hero



Artist's concept of *Hero* (NSF Drawing). Courtesy of the Antarctic Journal, May/June 1968

At 21 years of age, he was the youngest ship captain to set sail for the seal rookeries where the Pacific Ocean gives way to the Atlantic. Captain "Nat" Palmer's 47' long, single-masted sloop – appropriately named the *Hero* - was dwarfed by the numerous vessels that hailed from Stonington, Connecticut. Yet, his daring and navigational skills were well known by many as he joined a fleet of seven "Sealers" for the annual journey to the Great Southern Ocean. Unfortunately, for Captain Palmer and his fellow seal hunters, the rookeries south of the Cape of Good Horn were nearly wiped out by previous expeditions. Undaunted, in November 1820, Captain Palmer pressed on to the newly-discovered South Shetland Islands and beyond aboard the *Hero* capitalizing on its shallow draft of 6' in order to explore the uncharted islands that stood sentinel before the Antarctic Peninsula that would one day bear his name.

Captain Palmer's quest for adventure on the high seas did not cease with the end of the profitable sealing throughout the archipelagoes between the South American and Antarctic continents. His years of transiting from New England to the Southern

Ocean under sail imbued him with an innate sense of the interaction between ship and sea. He studied the way a hull cut through the waves and the various sail configurations which drove the vessel from crest to trough. His passion eventually led to the refinement of the Clipper ship design and the desire for speed. After all, the Panama Canal was not yet conceived and reduced transit times via the Cape of Good Horn maximized the return on Captain Palmer's investment in these sleek ocean greyhounds.

Today, the Panama Canal has served commerce well; perhaps even more so given the current log jam of ships anchored off the nation's west coast. While a glut of inbound containers bogs down the country's largest container port, the ports of Texas are kicking off the final quarter of the year in brisk fashion. As always, there were a few exceptions. Galveston's October arrival count was languid at best with a 21% dive. No matter, the cruise season is full speed ahead and Galveston is still outpacing last year's arrival numbers by over 13%.

Just as the return of the cruise ship has heralded the end of the era of lockdown in

Texas, the demand for readily available BTUs has put a "bounce" in the Port of Sabine's commercial gait. Admittedly, October was a tad off of September's arrival total – a mere 0.4% to be more precise; however, the record number of bulkers for the year nearly offset the lowest monthly count for chemical tankers which dropped 17.5%. Nevertheless, nearly every major vessel category registered a handsome improvement for the month. LPG arrivals were up by 15%; Tankers climbed by 4%; and even general cargo saw a 150% improvement. Overall, Sabine's arrival count is up 11.6% year-to-date.

Brownsville matched its prior month's arrival. Candidly, that is of little solace for a port that lags 2020's numbers by unenviable 24%. Meanwhile, a hundred-plus miles up the intracoastal waterway, Corpus Christi experienced a 1% bump in the last month and remains over 3% ahead of last year's arrivals. It may not be the most robust of performances but consistent single-digit gains underscores the port's strategy of focusing on sustained and steady growth. Texas City, on the other hand, has waxed and waned by double digits all year. The most recent monthly climb of over 11% boded

well for the 4th quarter but – as to the year – it still lags by 9%. As things currently stand, it is unlikely that Texas City will finish ahead of last year's totals. That said, there is enough activity afoot on its waterfront that signals that the ship will be righted in 2022. Freeport's run of triple-digit arrivals continues unabated. It has not seen an arrival count below 100 since April. Its growth trajectory remains firmly planted in positive territory with the most recent monthly gain of 7%. The port's current year-to-date pace is outdistancing the prior year by 10.5%. Freeport will undoubtedly set another annual tonnage record in 2021.

The port Jesse Jones built posted its 2nd highest arrival count for the year culminating in a 5% boost for the month. While the port is stubbornly lagging 2020's arrival haul by a mere 2.3%, the prospect of attracting "overflow" commerce via the Isthmus of Panama - in combination with a heightened demand for crude and its constituents - may be enough to pull the port into the positive side of the ledger by year's end. Breaking the numbers down by vessel category evidenced some very heartening results. In particular, LPG arrivals leapt nearly 23% for the month

with its first triple-digit count as it logged a monthly high for the year. Tankers also posted a monthly high for 2020 with over 200 arrivals. Yet, despite this 11% uptick, over 5% fewer tankers have called upon the port as compared to last year.

Unlike the two aforementioned categories, chemical tankers remain ahead of the previous year's haul by over 3%. The container ship count may be lagging last year's by 7% but the TEU records continue to fall each and every month. Of course, the most recent 6.6% monthly rise further bolstered the positive numbers. Bulkers saw a 4% dip for the month. Given that the downward blip came on the heels of a monthly high, this vessel category continues to outperform on a year-to-date basis. On the other hand, the most recent 2% monthly gain for general cargo vessels did little to pull this category out of the red for the year. In the realm of car carriers, the worldwide chip shortage has not done this type of hull any favors. Granted, the ship count is a mere two vessels less than last year. Yet, the number of vehicles disembarking from these vessels in the port pales in comparison to last year. Despite the dearth of cars along the

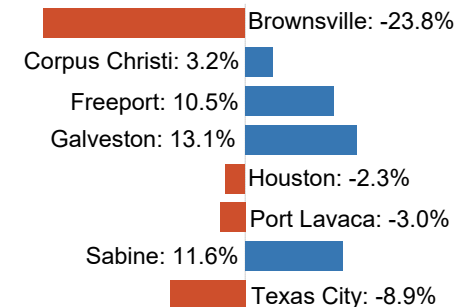
waterfront lots, there is activity aplenty with respect to exporting energy and importing the fruits from those exports.

Long gone are the days when Palmer's Clippers rounded the Cape loaded with goods bound for Asian and Indian ports. His passion for speed and innovative approach to shipping played a major role in "shrinking the world." By the time he breathed his last on June 21, 1877, steel and steam were replacing sail; the transatlantic cable had been laid; the transcontinental railroad had matured into thousands of miles of rail; and Ferdinand Lesseps was scheming to build a canal across the narrow isthmus of Central America. Irrespective of those advances, cables and rails could not stitch together markets from opposite sides of the ocean. It took seafarers of Palmer's grit and mettle to deliver more for less across the vast and unpredictable seas.

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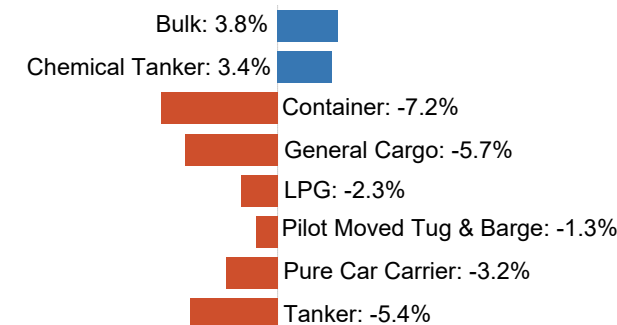


Deepdraft Vessel Arrivals by Port October 2021 Year-to-Date Percent Change



Source: Greater Houston Port Bureau Marine Exchange of Texas

Houston Deepdraft Arrivals by Type October 2021 Year-to-Date Percent Change



Source: Greater Houston Port Bureau Marine Exchange of Texas

The Future is Now



Photo courtesy of Danny Schnautz

Critical infrastructure regulators and defenders often talk about interdependencies. As in, it's not enough to secure your own sector's assets and the systems and networks that support them, you also must ensure that others upon which your success depends are doing the same. Often these other multisector entities are dispersed over wide geographic areas. But an example of where interdependencies are laid bare, where many come together and co-exist on the same dense footprint, is the modern shipping port. Because of their centrality to both national security and economic security, from a cyber adversarial perspective, this makes ports perhaps the best targets on earth.

Nevertheless, a port operator might be tempted to say, "yeah, but it's not likely to happen on my watch, and I know this because it hasn't happened yet." The reality, however, is that whether it's happened yet or not has no bearing on whether it's likely or very likely to happen to you. In a time of rapid technological change, it's safe to say that past is no longer prologue, and that that port operator would be better off basing his or her risk calculus on what's now plain to almost everyone: that when a function is so critical, and relies on the synchronized choreography of so many players, each of which is rapidly modernizing with digital, wireless, automated and in ports, increasingly, autonomous systems, then it's time to give strategic cybersecurity challenges a sustained look and prioritize getting that house in order.

This past decade has seen dramatic changes in the maritime and shipping industries. In many countries, ports of the future are now ports of the present, with ubiquitous mesh wireless networks, autonomous terminals and autonomous cranes. Ports so enabled are a marvel, yet at the same time they're a house of cards, a veritable assemblage of Jenga blocks. The many benefits in efficiency and flexibility these technologies have ushered in are in many ways offset by the new attack surfaces and opportunities they present for cyber criminals and even more capable adversaries intent on disrupting operations ... or worse. One doesn't have to look far to see examples where there's been a steep price to pay for this transition to reliance on digital technologies. (Google Maersk, K-Line, Shaheed Rajee port, for examples.)

New advancements in technology have given the world faster network speeds, massive amounts of computing power, ubiquitous connected "smart" devices, and proceeding at approximately the same lightning pace, are the new vulnerabilities in these technologies, coupled with a lack of awareness in the people who use them.

A Plausible Pathway to Demonstrably More Secure High-Tech Ports

In every sector, an organization's cybersecurity capabilities are characterized by conformance to a mix of general and industry-specific



standards, frameworks and best practices. Periodically, third party assessments gauge how close to, or how far from, a given organization is from acceptable minimum levels of performance. A billion-dollar annual budget would still not be enough to enable a port's chief security officer to achieve, maintain and demonstrate compliance for all the myriad interconnected, digitally dependent systems he or she has to contend with. And no worries, as most port CSOs have budgets several orders of magnitude less than that.

So who's in charge of making sure ports are secure? No one organization it turns out, and therein lies the problem. In the U.S., while a very large number of government and commercial entities depend on their reliable functioning, the DoD, TSA, DOE, the DOT and other federal, state and local interests each bring with them a different set of standards and assessment and enforcement approaches. The result as you can likely imagine: pure chaos. What can be done about this? A few things, perhaps.

The Best Cybersecurity Standards for Ports

Here are three that are completely neutral or mapped to port-relevant sectors.

1. IEC 62443 Series of Standards. This series of standards, developed by the International Society of Automation's ("ISA") ISA99 committee and adopted by the International Electrotechnical Commission ("IEC"), provides a flexible framework to address and mitigate current and future security vulnerabilities in industrial automation and control systems ("IACS"). The committee draws on the input and knowledge of IACS security experts from across the globe to develop consensus standards that are applicable to all industry sectors and critical infrastructure.

Instead of too many standards, how about just a few ... or maybe even one. The rapidly evolving ISA/IEC 62443 suite of security standards for control systems is increasingly seen by many as the best path towards unifying security practices, across all sectors, products, and organizations. Here's an outline of its primary contents, covering four parts:

I. General

1-1: Terminology, concepts and models

II. Policies and procedures

2-1: Establishing an IACS security program
2-3: Patch management in the IACS environment
2-4: Security program requirements for IACS service providers

III. System level

3-1: Security technologies for IACS
3-2: Security risk assessment for system design
3-3: System security requirements and security levels

IV. Components and requirements

- 4-1: Secure product development lifecycle requirements
- 4-2: Technical security requirements for IACS components

2. The National Institute of Standards and Technology Cybersecurity Framework.

Now a part of the U.S. Department of Commerce, the National Institute of Standards and Technology (“NIST”) was founded in 1901 and is one of the nation’s oldest physical science laboratories. Because NIST is a non-regulatory federal agency that acts as an unbiased source of scientific data and practices, including cybersecurity practices, the agency was selected for the work of developing cybersecurity standards, guidelines, best practices, and other resources to meet the needs of U.S. industry, federal agencies and the broader public.

NIST convened stakeholders to develop a Cybersecurity Framework (“CSF”) that addresses threats and supports business. While the primary stakeholders of the Framework are U.S. private-sector owners and operators of critical infrastructure, its user base has grown to include communities and organizations across the globe.

The CSF was issued under executive order 13636 in 2013 and it prepared the ground for requirements published in 2014. that is set to enhance the security and resilience of the nation’s critical infrastructure. At the highest level, the CSF includes five categories: identify, protect, detect, respond, and recover. It was intended to be and continues to function as a lingua franca to allow practitioners in every sector to communicate effectively on security matters with each other, as well as with regulators and other stakeholders. Among its several benefits, it:

- Identifies security standards and guidelines applicable across sectors of critical infrastructure
- Provides a prioritized, flexible, repeatable, performance-based, and cost-effective approach
- Helps owners and operators of critical infrastructure identify, assess, and manage cyber risk
- Enables technical innovation and accounts for organizational differences
- Provides guidance that is technology neutral and enables critical infrastructure sectors to benefit from a competitive market for products and services
- Includes guidance for measuring the performance of implementing the Cybersecurity Framework
- Identifies areas for improvement that should be addressed through future collaboration with particular sectors and standards-developing organizations

The NIST CSF has been adopted as a framework across many industry sectors including ports and maritime. (For more reading, visit nist.gov/cyberframework)

3. U.S. Coast Guard’s Navigation and Vessel Inspection Circular.

The U. S. Coast Guard issued the Navigation and Vessel Inspection Circular (“NVIC”) 01-20; “Guidelines for Addressing Cyber Risks at Maritime Transportation Security Act (“MTSA”) Regulated Facilities” at the beginning of 2020. This NVIC clarifies the existing MTSA requirements related to computer system and network vulnerabilities of MTSA-regulated facilities. It also provides facility owners and operators with guidance on how to analyze these vulnerabilities in their required Facility Security Assessment (“FSA”) and to address them in the Facility Security Plan (“FSP”). These requirements became effective October 1, 2021, with inspections now under way.

How deep, how far, and how wide the asset-owner operator goes to self-report is something many in industry have discussed, as well as what’s

“good enough” to satisfy MTSA requirements. The imperative here is that adequate budgets for operational technology and mission critical system cybersecurity must be defined and achieved and as accordingly, assessment strategies must be realistic. (To read NVIC 01-20, visit mariners.coastguard.blog/2020/03/25/nvic-01-20-guidelines-for-addressing-cyber-risks-at-mtsa-regulated-facilities/)

What Does a Demonstrably Secure Port Look Like?

Developed with support from the U.S. Department of Energy, the Department of Homeland Security, and the Department of Defense, an emerging methodology, Consequence-driven Cyber-informed Engineering or “CCE”, helps organizations identify the functions, processes, and supporting systems that must not be allowed to fail, for any reason, including cyber attack.

By beginning with a focus on attacks that could cause catastrophic consequences, it narrows the scope to only the most essential processes and functions. Then from an adversarial perspective, helps create the cyber kill chains that could stop port operations cold. Armed with this knowledge, port defenders can then develop engineered failsafes and stop gaps to keep the most capable cyber adversaries from achieving their goals. One target attainable via the CCE process: ISA/IEC 62443 Security Level 4 “Protection against intentional misuse using sophisticated means with extensive resources, IACS-specific knowledge and high motivation.”

That was for existing ports. What about completely new ports or ports that are perpetually modernizing? If you had the luxury to start from scratch in 2022, you’d still be confronted with products from suppliers lacking basic security controls and full of software vulnerabilities. One of the maritime sector’s main challenges in the cyber arena occurs when it adds new technologies on top of existing technologies. When this happens (and it happens all the time) security, reliability, and mission success become harder to manage.

Mission critical systems must be correctly secured from the earliest stages of design, all the way to front-end engineering, to check out, rollout, and what is often called turnkey handover. CCE’s sibling, Cyber-informed Engineering (“CIE”), aims to remedy the full product lifecycle cybersecurity portions of this problem. You can learn more about CCE and CIE here: www.inl.gov/cce; www.inl.gov/cie.



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Rice Business Executive Professional Development Scholarships to be Awarded by Port Bureau.

Apply by January 31, 2022



lunch, and refreshments.

The Greater Houston Port Bureau will award two scholarships to our membership for professional leadership development at Rice Business Executive Education’s new Corporate Innovation program May 10, 2022. Each scholarship is valued at \$3,650 and includes full tuition, class materials, and daily breakfast,

models, develop strategies for creating and sustaining an innovation culture, and create new or improve existing products and services. For more on the program visit, <https://business.rice.edu/executive-education/open-enrollment-programs/corporate-innovation>.

Port Bureau members will receive an email announcing the opening of the application. All applications or nominations must be received by the Port Bureau by January 31, 2022. Scholarship awards will be announced on February 10, 2022. For more information and to apply go to: <https://www.txgulf.org/ghpb-scholarship>.

Executive professional scholarships have been generously underwritten by Rice Business Executive Education, Rice University.



Innovation has become a mandate to ensure competitive advantage and profitability in today’s complex business environment. The Corporate Innovation program equips participants with a comprehensive framework to successfully manage innovation at all levels. The highly interactive learning environment combines scientifically proven approaches to innovation with actionable tools to accelerate the application of corporate innovation practices for participants and their respective organizations. The program is led by Dr. Jing Zhou, the Mary Gibbs Jones Professor of Management at the Jones Graduate School of Business at Rice University.

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2021 Maritime Dinner Recognizes Jim Teague for Houston Ship Channel Advocacy, Rallying Industry for Advancements



More than 600 guests from Houston's maritime community arrived at the Bayou City Event Center on the crisp, cool evening of November 5 for the Port Bureau's 92nd Annual Maritime Dinner. The event honored A.J. "Jim" Teague, Co-CEO of the general partner of Enterprise Products Partners L.P., as the 2021 Maritime Leader of the Year. Teague was named the 2021 honoree for his outspoken advocacy and financial investment to improve the Houston Ship Channel, and for rallying industry to work together to achieve that goal.

Two years in the making, it was a unique evening of fellowship and recognition in the Houston's Ship Channel community. Title sponsor Enterprise Products Partners and Queen of the Fleet sponsors Accutrans, Callan Marine, Enterprise Products, Kinder Morgan, Port Houston, and S&B Engineers and Constructors helped make the celebration event superb.

The evening kicked off with a cocktail reception and silent auction. As guests enjoyed the "meet and greet", the convivial atmosphere was enhanced by music from the Mercury Chamber Orchestra. Following the fine dinner of grilled filet mignon and shrimp ravioli, the recognition program highlighted accolades from industry leaders and public officials.

Frances Castañeda Dyess, president of the Houston East End Chamber of Commerce and representing the City of Houston and Harris County Precinct 2, began the tributes with official proclamations. The Proclamations each noted the importance of Teague's work in Houston Ship Channel industry and emphasized the importance of the Houston Ship Channel to the region's economy.

Senator John Cornyn and Governor Greg Abbott recognized Teague in specially prepared videos for the event. Both leaders congratulated Teague and thanked him for his contributions.

"Everyone who knows Jim," stated Cornyn, "knows he's someone who's done more than his fair share to help shape Texas' amazing energy and petrochemical industry."

"Jim, thank you so much for being an outstanding advocate for maritime infrastructure and the expansion of the port of Houston," said Abbot. "Thanks to your leadership, the port of Houston will continue to grow as an economic engine for the region, which will go on to create even greater opportunities for future generations."

Keynote speaker Randy Fowler, Co-CEO, general partner of Enterprise Products Partners, shared from their experiences in working together and noting Teague's consistency in managing risks as a leader and his vision, based on knowledge and experience, for the magnitude of the potential of U.S. shale for natural gas crude and natural gas liquids markets.

"Jim has an unrelenting energy passion and conviction," Fowler said. "... Jim moves needles – whether it's at Enterprise, at the industry level, at the state level, or at the national level – when Jim sees an opportunity or a problem and has conviction around the solution, he will throw his heart, his soul, and his mind at it."

To honor Teague, Fowler presented a video prepared by the company, highlighting Teague's personal life, career, and leadership accomplishments at Enterprise Products.

"Will Rodgers is quoted as saying: Houston dug a ditch and brought the sea to their door," said Teague as he expressed his thanks and summed up his thoughts. "That ditch was the catalyst that created the fourth largest and most diverse city in the U.S., and that ditch built the world's largest petrochemical and refining hub. That ditch is why we're the energy capital of the world. That ditch is why most of us have the lifestyle we have. I wouldn't trade that ditch for anything or any waters in the world!"

To cap off the evening, Teague was presented with a replica of the *U.S.S. Constitution* by April Bailey, executive vice president of commercial banking for Amegy Bank and chair of the Port Bureau's dinner committee. The presentation of the ship to each honoree has been a Port Bureau tradition for many years. The Port Bureau is privileged to serve the port region and to honor leaders and companies offering outstanding commitment to Houston's maritime community.



November 5, 2021



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New Orleans Riverboat Cruises
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Ocean Star Offshore Drilling
Scarborough Renaissance Festival
Vincent & Francine DiCosimo

Port Bureau Updates

ExxonMobil to Spend \$15 Billion on Reducing Greenhouse Gas Emissions

ExxonMobil ExxonMobil announced it has finalized corporate plans, which increase spending to \$15 billion on greenhouse gas emission-reduction projects over the next six years while maintaining disciplined capital investments in its industry-leading portfolio. The plans support the corporate strategy of continued structural cost savings, investment in low-cost-of-supply and lower-emission products, and further portfolio high-grading, positioning the company to double earnings and cash flow by 2027 versus 2019.

The company also announced it is on track to meet its 2025 greenhouse gas emission-reduction plans by year-end 2021, four years ahead of schedule. In addition, ExxonMobil has developed more aggressive plans for further Scope 1 and Scope 2 reductions through 2030, consistent with Paris Agreement pathways.

Capital Plans

ExxonMobil plans to maintain capital investments in the range of \$20-\$25 billion per year through 2027 with flexibility to adjust to adverse market conditions or changes in policy and technology for low-emissions projects.

“The restored strength of our balance sheet and improved financial outlook support accelerating investment in our industry-advantaged, high-return projects, and a growing list of financially accretive lower-emission business opportunities,” said Darren Woods, chairman and chief executive officer. “Our strategy is designed to create shareholder value by leveraging our competitive advantages while maintaining flexibility to respond to future policy changes and technology advances associated with the energy transition.”

Projected growth of cash flow and earnings in the Upstream business results from aggressive cost reductions and progressing advantaged investments in low-cost-of-supply projects in Guyana, Brazil, and the Permian Basin in the United States. More than 90% of Upstream planned capital investments through 2027 are expected to generate returns of greater than 10% at prices less than or equal to \$35 per barrel of oil equivalent, while reducing Upstream GHG emissions intensity by 40-50% through 2030, compared to 2016 levels.

Downstream and Chemical earnings and cash flow growth plans are focused on high-return projects, which are expected to double the volume of valuable performance chemicals and lower-emission fuels and lubricants. The company will leverage its industry-leading manufacturing scale, integration, and technology position to high-grade its portfolio and reduce costs, while optimizing operations and leveraging the capabilities of the Low Carbon Solutions business to reduce greenhouse gas emission intensity at operated facilities.

Greenhouse Gas Emission Reduction Plans

As part of its plan, ExxonMobil has committed \$15 billion for lower-emission investments through 2027. These investments will include a balance between projects to reduce greenhouse gas emissions from existing operations and increased investments in the Low Carbon Solutions business. The same capabilities, technical strengths and market experience that support base energy and chemical businesses will help drive commercial growth opportunities for carbon capture and storage, biofuels and hydrogen where supportive policies currently exist and provide for strong returns.

ExxonMobil is on track to exceed its 2025 greenhouse gas emission-reduction plans announced in December 2020. The company anticipates year-end 2021 results to show a reduction of 15-20% in greenhouse gas intensity from Upstream operations compared to 2016 levels, four years ahead of schedule. This is supported by an anticipated reduction of 40-50% in methane intensity and 35-45% in flaring intensity compared to 2016.

“The focused actions we have taken have enabled us to accelerate greenhouse gas reductions particularly in the areas of methane and flaring,” said Woods. “We anticipate meeting our 2025 greenhouse gas emission-reduction plans ahead of schedule, which gives us confidence to set more aggressive medium-term goals across all of our businesses.”

The new medium-term greenhouse gas reduction plans for 2030 are consistent with Paris Agreement-aligned pathways and include the following:

- 2030 Greenhouse Gas Emission-Reduction Plans
- 20-30% reduction in corporate-wide intensity
 - 40-50% reduction in Upstream intensity
 - 70-80% reduction in corporate-wide methane intensity
 - 60-70% reduction in corporate-wide flaring intensity

These new plans include actions that are expected to reduce absolute corporate-wide greenhouse gas emissions by approximately 20%. The company also reaffirms it plans to achieve the goals of the World Bank for zero routine flaring no later than 2030.

ExxonMobil’s 2030 GHG emission-reduction plans cover Scope 1 and Scope 2 greenhouse gas emissions from assets operated by the company compared to 2016 levels. For assets not operated by the company, it will work with its equity partners and strive to achieve comparable results.

TetraSpar Demonstrator Commissioned and in Operation



The pioneering floating wind project, TetraSpar Demonstrator owned by Shell TEPCO RP, RWE and Stiesdal, is in operation, anchored in place at 200 m water depth off Norway’s coast. The project will now enter its test phase where data on the performance and characteristics of the TetraSpar floating foundation will be captured and analyzed to pave the way for commercial-scale floating wind projects.

The 3.6 MW Siemens turbine is the last in a string of milestones for the TetraSpar Demonstrator:

- Completion of the factory manufacturing of the components for the world’s first industrially manufactured floating offshore foundation
- Fast assembly of the modules at the quayside, requiring no welding and no special port facilities
- Launch using a semisubmersible barge, followed by rapid turbine installation using an ordinary onshore crane
- Safe deployment of the keel when towed to location of sufficient depth, making the TetraSpar Demonstrator the world’s first spar foundation capable of deployment from an ordinary, shallow-water port

The demonstration project has shown that Stiesdal’s ‘Tetra’ concept remains on target to offer important advantages over existing floating wind concepts, with the potential for leaner manufacturing, assembly, and installation processes, and with lower material costs.

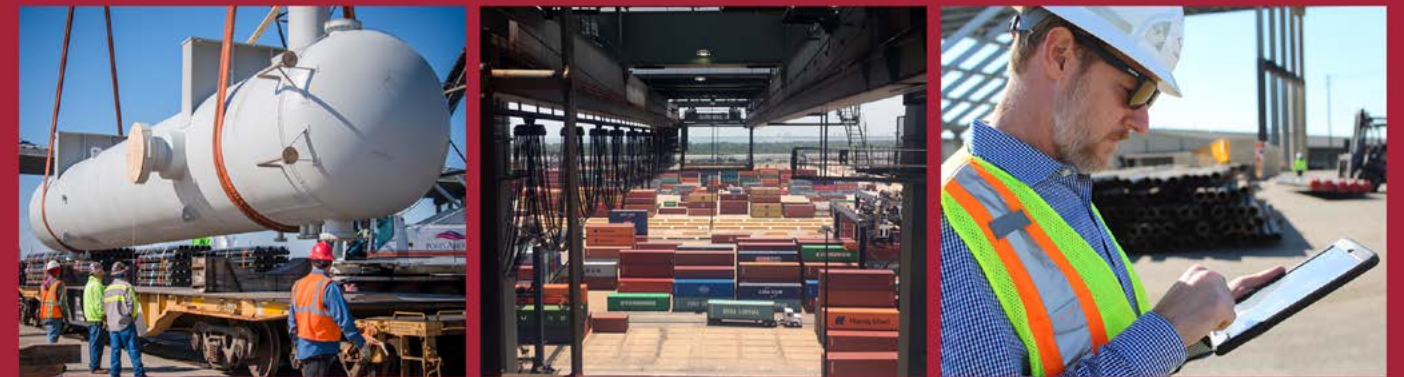
Thomas Brostrom, senior vice president of Renewables at Shell said: “We are extremely proud to have reached this important milestone and to have contributed to the realization of a truly innovative floating concept. Shell is committed to further develop the floating wind industry globally by providing technical and financial support to promising concepts such

as Tetraspar. Ultimately, we hope to deploy floating wind technology globally and at large scale to enable further decarbonization of our customers’ activities and for society as a whole.”

Seiichi Fubasami, president of TEPCO RP, said: “There are high expectations throughout the world for floating offshore wind farms. One of the most challenging endeavors underway is the TetraSpar floating foundation demonstration project. Each stage in the process, from manufacturing and assembly, to launch and deployment, has done well, and we are very excited now to have the demonstrator in operation, thereby reaching an important milestone towards commercial operation of the TetraSpar. In Japan we expect more floating offshore wind farms to be built from 2030 and onward as we aim for realization of carbon neutrality in 2050. The TetraSpar concept can be utilized in Japan’s natural conditions and enables the easy construction of regional supply chains thereby playing an important role as we aim to transition to renewable energies as baseload power sources. This is a promising new technology for the future and we expect the TetraSpar floater to perform well during operation off the coast of Norway over the next couple of years.”

The upcoming test phase will provide the four partnering companies with important knowledge and opportunities to further refine the TetraSpar technology. The partners will make full use of the results obtained to expand the possibilities of offshore wind power and thereby contribute to the realization of a clean and sustainable carbon-neutral society.

Shell Renewables and Energy Solutions is building an integrated power business that will provide customers with low or no-carbon and renewable energy solutions. The business spans trading, generation and supply and offers integrated energy solutions – from hydrogen, to solar, wind and electric vehicle charging – at scale, while using nature and technology to capture emissions from hard-to-abate sectors of the energy system.



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Orion Group Holdings Announces Contract Awards of Approximately \$28 Million



Orion Group Holdings, Inc. (the "Company"), a leading specialty construction company, has announced four contract awards for its Concrete segment totaling approximately \$28 million.

The Company was recently awarded three contracts in the Dallas area, including a \$3.8 million contract for a data center expansion, a \$4.3 million contract for the construction of two cast-in-place retirement residential buildings, and a \$5.6 million contract for a cold storage facility. All three projects are expected to commence in the first quarter of 2022 and be complete in the fourth quarter of 2022.

The Company also has been awarded a contract valued at \$5.1 million to construct tilt-wall warehouses in its Houston market and a contract valued at \$9.2 million to build a mixed-use office-retail-residential building. Work on both projects is expected to begin during the first quarter of 2022 and be completed by the first quarter of 2023.

"These awards continue to demonstrate our position as a leader for concrete construction projects in our key Texas markets," said Mark Stauffer, Orion's president and chief executive officer.

Port of Brownsville Celebrates 85 Years of Service



The Port of Brownsville hosted the local community in a celebration honoring 85 years of serving the Rio Grande Valley region on Oct. 23. The free event commemorated the port's opening in 1936 and its continued growth and economic importance throughout the Rio Grande Valley. The fun-filled day was enjoyed by all ages.

Conceived in 1906 as a deep seaport by local fisherman Louis Cobolani and dredged by U.S. Army Engineers, the Port of Brownsville began official operations in 1936. It is the only deepwater port located on the U.S.-Mexico Border and offers multimodal international transport. The port has been critical to the economic development and sustainability of the region, employing 51,000+ workers and contributing \$3 billion+ to the state economy. Known as one of the top free trade zones in the U.S., it has evolved from shipping commodities like citrus and cotton to steel and petroleum. The port also offers scrap metal recycling and ship dismantling, serving as the nation's chief U.S. Navy aircraft carrier dismantling program.



Texas Establishes First of Its Kind Designation of Natural Gas Facilities for Energy Emergencies



The Railroad Commission of Texas ("RRC") commissioners adopted rules for critical designation of natural gas infrastructure to help protect Texans in energy emergencies.

The new rules implement provisions in House Bill 3648 and Senate Bill 3 and define natural gas facilities that would be designated as critical gas suppliers and critical customers.

Critical gas suppliers include, but are not limited to, gas wells, oil leases that produce gas, natural gas pipeline facilities, underground natural gas storage facilities and saltwater disposal facilities.

Critical customers, which are a subset of critical gas suppliers, are facilities that require electricity to operate. These operators will submit a critical customer information to their electric utilities so that their electric utilities have the correct information for purposes of supplying power to the facilities.

Senate Bill 3 includes language to allow for certain facilities to apply for an exception to critical designation. However, the newly adopted rules exclude certain types of highly critical facilities from being able to apply for an exception. Examples include any facility that will be on the state's electricity supply chain map, which is due to be published next year, underground gas storage facilities, pipelines that directly serve a power generation plant or local gas distribution companies, gas wells and oil leases that produce a large amount of gas per day, and gas processing plants. Applications for exception require objective evidence proving reasonable cause and justification, which will be reviewed, and RRC staff can deny an application.

"It has been wrongly reported that for \$150 any company can be exempted from preparing for winter," said RRC Chairman Wayne Christian. "The \$150 is a fee set in statute two decades ago for all applications for exceptions. It is just an application fee, not a get-out-of-jail free card. No company will automatically receive an exemption and applications can and will be denied."

"The Commission adopted a 'critical designation' rule to ensure our natural gas supply is prepared for future energy emergencies," continued Christian. "With the passage of this rule, critical facilities including more than 19,000 of the state's natural gas production facilities will be required to weatherize and be prepared to operate in future winter weather events."

Critical gas suppliers will file RRC Form CI-D acknowledging their status, and critical customers will also submit critical customer information. To view the final rules, go to <https://www.rrc.texas.gov/media/xq4fiqda/adopt-new-3-65-amend-3-107-nov30-21-sig.pdf>.

Rules adopted address the issue that some critical gas suppliers were not eligible for critical load designation and had their power cut off inadvertently during Winter Storm Uri. Critical gas facilities are now able to, and required to, submit their information to electric utilities. Electric entities will use this information to plan load-shed procedures during an energy emergency.

There are several more steps that will be implemented to help fortify the state's energy supply. The RRC and the Public Utility Commission of Texas have been working on mapping the state's electricity supply chain and natural gas infrastructure along that chain. Since this fall, RRC inspectors have been visiting gas facilities and leases to observe winter preparation measures. On Oct. 7, the RRC issued a notice that asked natural gas operators to take all necessary measures to prepare for the upcoming winter.

Join us for our Annual Meeting and January 13, 2022 Commerce Club



Tony Chovanec, Senior Vice President of Enterprise Products

The Greater Houston Port Bureau will hold our annual meeting January 13th at our monthly Commerce Club luncheon. In addition, our guest speaker Tony Chovanec, Senior Vice President, Enterprise Products, will address the 2022 Outlook and Trends for the Port of Houston Region.

Network with 180+ professionals from maritime, transportation, energy companies, and organizations in the port region. We hope you'll join us!

Location
Houston Marriott South at Hobby Airport
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11:15 AM - 1:00 PM

Information and RSVP
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Maxine Buckles Named Port Houston's First Chief Business Equity Officer



Maxine Buckles has been named Port Houston's first-ever Chief Business Equity Officer reporting directly to Executive Director Roger Guenther. Buckles is responsible for implementing and administering diversity, equity, and training programs, including Port Houston's new Minority- and Woman-Owned Business Enterprise Development Program and its successful Small Business Development Program.

In this newly created position, Buckles serves as a member of the Executive Leadership Team to ensure that diversity, equity, and inclusion ("DEI") are infused into the Port culture. She also plays a pivotal role in creating a comprehensive strategy to launch, facilitate, and implement DEI initiatives across the organization.

Buckles previously served as Port Houston's Chief Audit Officer responsible for planning and executing operational, financial, and compliance audits to evaluate the effectiveness of internal controls; and she monitored and coordinated all Port Authority audit activity. She has also held the position of Port Houston's Corporate Controller.

Buckles is a Certified Public Accountant (CPA) and holds a Bachelor of Science degree in Accounting with honors from Xavier University of Louisiana and an MBA with an emphasis in Accounting from Tulane University.

She is a member of several professional organizations, including the Institute of Internal Auditors, National Black MBA Association, Government Financial Officers Association, National Association of Black Accountants, and Financial Executives International.

San Jac Covering Tuition Costs for High School Graduates



High school seniors attending a participating high school or living within the San Jacinto College District ("the College" or "San Jac") have one less thing to worry about regarding their future as the College expands Promise @ San Jac scholarships.

These scholarships will ensure all high school graduates who live in the College district - including those in Channelview, Deer Park, Galena Park, La Porte, Pasadena, and Sheldon ISDs and portions of Pearland and Humble ISDs - can earn a workforce credential or an associate degree at San Jac with 100 percent of their tuition and books covered.

"San Jacinto College is always looking at how we can remove barriers that students face in achieving their professional and educational goals," said Dr. Allatia Harris, vice chancellor of strategic initiatives, workforce development, community relations, and diversity.

The \$30 million donation from MacKenzie Scott and Dan Jewett this spring is the largest in the College's history and will help fund an endowment supporting all in-district high school seniors who enroll and attend San Jac full time starting the fall after graduation.

Promise @ San Jac is a last-dollar scholarship covering students' remaining financial need after federal and state aid, grants, and other scholarships are applied, so students will need to apply each year for the FAFSA or TASFA. Students must also maintain a 2.0 GPA and take 12 hours each fall and spring semester to remain eligible for the scholarship.

Promise started in fall 2020 as a collaboration between the College and Pasadena ISD's South Houston, J. Frank Dobie, and Sam Rayburn high schools.

To learn more about Promise scholarships and view enrollment/eligibility requirements, visit www.sanjac.edu/promise

Rice Names Reginald DesRoches as Next President



Reginald DesRoches, who is now serving as the university's provost, has been named as the next president of Rice University. DesRoches will become the eighth president of Rice when he assumes his new position on July 1, 2022.

Rice's Board of Trustees selected DesRoches, an internationally recognized structural engineer and earthquake resilience expert, after a nationwide search for an academic leader to take command at one of the nation's premier institutions of higher learning. DesRoches will succeed President David Leebron, who previously announced his plan to step down next summer after the end of the current academic year.

"I am deeply honored to be named the next president of Rice University," DesRoches said. "The past 4½ years at Rice have been among the most rewarding in my professional career and I look forward to building on the tradition of excellence established by President Leebron and those who served before him."

DesRoches has been provost since Leebron appointed him as the university's chief academic officer in 2020. As provost, he has led the university's academic, research, scholarly and creative activities through the challenges posed by the COVID-19 pandemic, including the sudden suspension of classroom instruction and Rice's successful conversion to remote learning. In less than two years, he has not only dramatically increased the university's research awards and launched several new centers and institutes, but also forged new partnerships and programs with institutions and organizations throughout the Houston area, including the Texas Medical Center.

Under DesRoches' leadership, Rice has launched several new majors and professional master's programs, including a new undergraduate business major. He has established the Office of Diversity, Equity and Inclusion, which has been instrumental in dramatically increasing the diversity of Rice's faculty and graduate student population. He also is leading the first major expansion of the undergraduate student body in over a decade.

DesRoches has been at Rice since 2017, when he accepted the post as the William and Stephanie Sick Dean of Engineering at the George R. Brown School of Engineering. As the leader of Rice's engineering school, he oversaw nine departments, 137 faculty and 2,500 students. During his time as dean, the school increased in size, visibility and program rankings. It also underwent significant growth in research programs. Several key interdisciplinary initiatives were launched during DesRoches' term as dean, including new efforts in the areas of neuroengineering and synthetic biology. He also led the establishment of the first-of-its-kind collaborative research center in India with the Indian Institute of Technology Kanpur.

DesRoches has authored over 300 technical publications and has mentored more than 30 doctoral students, many of whom hold faculty positions at top universities around the world.

A member of the National Academy of Engineering, DesRoches' distinctive research record has been recognized for its impact and innovation. He received the Distinguished Arnold Kerr Lecturer Award in 2019, the John A. Blume Distinguished Lecturer Award in 2018 and the 2018 Earthquake Engineering Research Institute Distinguished Lecturer Award, one of the highest honors in the field of earthquake engineering. He is also a recipient of the 2015 American Society of Civil Engineers (ASCE) Charles Martin Duke Lifeline Earthquake Engineering award, the 2007 ASCE Walter L. Huber Civil Engineering Research Prize and the Georgia Tech ANAK Award, which is the highest honor the Georgia Tech student body can bestow on a faculty member. DesRoches is a member of the Academy of Distinguished Alumni in Civil Engineering at Berkeley and was recently named an honorary alumnus of Georgia Tech.

Greater Houston Port Bureau 13th Annual Captain's Cup

November 1, 2021 | Sugar Creek Country Club

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The 13th Annual Captain's Cup Golf Tournament



Briggs & Veselka Team Wins the Cup

Team: Jamie Sylvester, Tim Studdert, Jason Ellis and Kerry Kilgore

Sunny skies and temperatures in the 60s greeted golfers arriving on the beautiful fairways of Sugar Creek County Club for the 13th Annual Captain's Cup Golf Tournament. From first tee to the last putt on the greens, it was a day filled with excellent sport, camaraderie, and networking.

The Captain's Cup went to the team from Briggs & Veselka with players Jason Ellis, Kerry Kilgore, Tim Studdert, and Jamie Sylvester winning First place gross. First place net went to Coating Systems team with players John Ravenberg, Zac Ravenberg, John Sansing, and Jamie Taylor.

Additional team wins went to:

- **Second place gross:** HDR, Inc. – Steve Arnold, Scott Marr, Bob Newell, and Dave Weston
- **Second place net:** Mobilease – Shane Jarka, Luke Johnson, Peter Johnson, and Stephen Young
- **Third place net:** Lloyd Engineering – Brandon Bricknell, Craig Drachman, Owen Parker, and James Dye.

The Captain's Cup featured several contests as part of the day's sport, including three closet-to-the-pin, hole-in-one, and the longest drive. Closest-to-the-Pin winners were James Dye, Danielle Taylor, and Jason Lee. Longest Drive was claimed by Tim Studdert.

Golfers stopped in for refreshments and received some fun-to-get giveaways at hospitality tents during the day. A raffle of popular prizes included a hotel & dining package at the Marriott Courtyard Houston, a golf foursome at Sugar Creek Country Club, a Piretti putter, Sure-Set Swing Trainer by Dan Frost, a backback cooler, a variety of golf gear, and more. All players went home with the gift of a FootJoy Windshirt .

The Port Bureau extends hearty congratulations to the Captain's Cup winners and thanks all the players for a great day of sport. In addition to our generous sponsors, we would also like to thank our Golf Committee for their hard work: Tim Studdert, chairman (Shamrock Marine); Brad Maxcey (Danner's Inc.); Jay Hooper and Shane Jarka (Mobilease); Karl Schröder (Schröder Marine Services); JR Shaw (Suderman & Young Towing Co.); Jacque Stilwell (Critical Housing Team); Jamie Sylvester (Briggs & Veselka); and Craig Wakefield (BNY Mellon).

The Captain's Cup sells out rapidly each year. If you or your company are interested in participating in the 2022 tournament, please send an email to golf-info@txgulf.org to receive updates.



2nd Gross-HDR, Inc.



1st Net-Coating Systems



2nd Net-Mobilease



3rd Net-Lloyd Engineering

Team Wins

First place gross:

Briggs & Veselka – Jamie Sylvester, Tim Studdert, Jason Ellis and Kerry Kilgore

Second place gross:

HDR, Inc. – Steve Arnold, Scott Marr, Bob Newell, and Dave Weston

First place net:

Coating Systems – John Ravenberg, Zac Ravenberg, John Sansing, and Jamie Taylor

Second place net:

Mobilease – Shane Jarka, Luke Johnson, Peter Johnson, and Stephen Young

Third place net:

Lloyd Engineering – Brandon Bricknell, Craig Drachman, Owen Parker, and James Dye



Photo courtesy of Danny Schnautz

November 2021 Commerce Club Featuring Roger Guenther, Executive Director, Port Houston

Project 11 and Port Houston Update



Roger Guenther
Executive Director
Port Houston

Roger Guenther, executive director of Port Houston, presented a timely update from Port Houston at the Port Bureau’s Commerce Club luncheon on Nov. 12. The event was hosted at the Houston Marriott South.

Port Houston manages eight public terminals, including operating Barbours Cut and Bayport container facilities. They are the landlords for six others. As the advocate and a strategic leader of the Houston Ship Channel, Port Houston supports the more than 200 facilities and the neighboring communities along it by working with the federal government. They facilitate vital commerce through the greater port of Houston.

Why Project 11?

Named to reflect its position as the 11th expansion project in Houston Ship Channel history, Project 11 seeks to deepen and widen Houston’s vital economic waterway to efficiently and sustainably keep pace with maritime industry growth.

Illustrating the need for expansion, Guenther noted that market demands are steadily increasing in the port region. From 2013 to 2019, vessel traffic increased 1%. During that same period, vessel size increased by 27%.

“That’s 6000 tons per call of every vessel coming in our port,” Guenther explained. He added that “a wider channel is a safer channel”, noting that eight out of the last nine accidents on the Ship Channel occurred at Bay Reach at Galveston Bay. “We’re widening that part of the channel to make it safer and to accommodate larger ships and two-way traffic.”

Comprised of eight segments of expansion areas, Project 11 will widen the channel by 170 feet along its Galveston Bay Reach, from 30 feet to 700 feet.

“We have to have it now; we have to have it as quickly as possible,” stated Guenther as he presented the Project 11 timeline, showing an accelerated schedule that moves much faster than usual expansion project schedules.

He acknowledged the collaborative work of colleagues, industry, and public officials in helping to move the project forward.

“Our commission authorized our first dredging contract for Phase 1A [Boliver Roads to Redfish] just last month,” said Guenther. “We expect to start in 2022 and finish next year.”

Guenther spoke to the cost of the project, explaining that certain segments of the plan were considered by Army Corps of Engineers as to lacking benefits that exceeded cost and will have to be 100% funded locally. This is known as a Locally Preferred Plan or LLP. Port Houston is moving forward with the LLP as part of Project 11. He noted that a proposed user fee for funding the LLP segments of Project 11 “did not meet requirements” and has been set aside for the moment. More options will be explored.

“There’s a lot of things going on with the Channel, but the good thing is we’re moving forward! We have a great team of people across our organization that are making that happen,” said Guenther.

Port Houston Cargo Growth

Guenther presented an update on container cargo growth, noting that TEUs reached 3.5 million in 2021. He spoke to the impact the Panama Canal expansion has brought to Port Houston, noting the growth of trade with Asia in particular, that now represents 37% of cargoes. “Go back a decade or so, and that number was zero,” Guenther said. “Nothing was coming through the Canal.”

Noting the value of Houston’s local production to container exports, Guenther said roughly one out of every three containers exported from Port Houston is some type of plastic resin. Additionally, about 50% of what is exported in a container is related to the petrochemical industry.

Cargo activity at Turning Basin has also been very robust. Guenther indicated he frequently noticed “ships in every berth”, saying steel was on the rise, and noting increasing activity in cement, lumber, tractors, and project cargo. Port Houston, he said, continues to make investments at Turning Basin.

Supply Chain Disruption Impacts

“We are not immune to what’s going on,” said Guenther, turning his attention to supply chain issues currently dominating the news. Guenther noted increase in consumer demand and the 30% rise in import cargo over last year.

“The bottom line is containers are coming off the ship faster than they’re going out the gate,” said Guenther. “An import container normally sits on our terminal for three to four days; now they are sitting there for eight or nine days . . . The limitations on truck drivers is not something new. It’s something that’s been going on for a long time.”

Additionally, Guenther spoke to the lack of chassis availability for containers, explaining a chassis stays longer in another area – e.g., two weeks, rather than just two days - before completing the transportation cycle in moving goods.

“I think there is a perception that the supply chain is not moving. I can assure you it’s moving. It’s moving here 15% faster than it did before.”

Sustainability

Wrapping up his updates for the Commerce Club, Guenther mentioned several sustainability initiatives at Port Houston. As concerns Project 11, Port Houston was able to negotiate for an approach with the most reduction over NOx emissions in their first contract, using more efficient equipment and providing for retrofitting emission-reduction technology. Port Houston continues to upgrade cranes and working to fulfill the sustainability goals in port operations.

Port Houston supports the Port Bureau’s work to optimize vessel call scheduling. Additionally, they have a new community grants program for workforce development to encourage the next generation to come into the maritime community.

Port Houston’s New Business Equity Division provides resources to small, minority- and woman-owned businesses seeking to participate in procurements and contracts with the Port. The goal is to maintain 35%



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overall small business participation and to reach a 30% minority- and woman-owned participation.

“I just want to thank you again. I’m glad to be a member of the Port Bureau . . . Being a voice for the activities of Houston makes us greater. It’s critical to our future success. Thank you for your time,” concluded Guenther.

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