

**Board of Pilot Commissioners for Harris County Ports
Meeting/ Hearing**

**Houston, Texas
June 18, 2021**

A public meeting/ hearing of the Board of Pilot Commissioners for Harris County Ports (the “Pilot Board”) was convened on June 18, 2021 at 09:02 a.m. at the offices of the Houston Pilot Board, 203 Ivy Avenue, Deer Park, Texas 77536, as well as virtually via Zoom webinar. The following commissioners and others were present:

Roland Garcia, Vice-Chairman
Michel Bechtel, Commissioner
Brad Hance, Commissioner
Darrell Morrison, Commissioner
Jon Keeney, Commissioner
Parris Beverly, Commissioner
Captain M. Tyler Gavis – Executive Director and Secretary
Rachel de Cordova, General Counsel (present virtually)
David McNeal, General Counsel (present virtually)

Vice-Chairman Roland Garcia convened the meeting/hearing of the Pilot Board by explaining that Chairman Reginald McKamie was unable to attend due to a business conflict and added that he would be presiding as Vice-Chairman. Captain Gavis called the roll and noted that all were present with the exception of Chairman McKamie, Commissioner Dyess, and Commissioner Oakley. Captain Gavis noted that the Pilot Board had established a quorum with six out of nine Commissioners present.

Vice-Chairman Garcia proceeded to explain that the hearing was pursuant to Section 66.0172(c) of the Texas Transportation Code for consideration of the Houston Pilots request for a rule change to bring in vessels up to 1,120’ length overall to transit the Houston Ship Channel to Bayport and Barbours Cut Terminals. The proposed rule change would allow vessels with length overall between 1,100’ and 1,120’ to meet all vessels currently permitted on the Houston Ship Channel, subject to existing navigation safety guidelines.

Vice-Chairman Garcia then called upon Captain Robert Thompson, Presiding Officer of the Houston Pilots, to give a presentation detailing the Houston Pilots request for the rule change. Captain Thompson began by greeting the Pilot Board and stating he felt his presentation was cut and dry. He went on to explain that in 2019 they began piloting vessels greater than 1,100’ by meeting no vessels and were in the process of beginning to meet vessels 600’ and less when the statute was changed creating the process in place today. Captain Thompson stated that since that time the Houston Pilots experience has changed and detailed that experience on the channel with other large vessels, a 2012 Maersk A study, 2015-2016 POHA/ HP study, 2017 216 study, 2019 HP white paper study, manned model training, ship rides with large container vessels in Savannah and Los Angeles, and 421 transits of container vessels over 1,089’ since 2013

led to the Houston Pilots becoming comfortable with accommodating vessels up to 1,120'.

Captain Thompson next explained that the Houston Pilots always like to start small and increase their limits as they gain experience. He then stated that the Houston Pilots had been meeting with industry for the past few months and explained that the Houston Pilots would continue to follow the same 310' combined beam rule, 85' combined draft rule, and 2,030' combined LOA rule with the 1,120's as they do today with the 1,099's. Captain Thompson closed by stating that in his opinion nothing has changed and asked if there were any questions for him.

Commissioner Keeney asked Captain Thompson if anything needed to change in terms of dredging the channel, to which Captain Thompson responded presently the Houston Pilots felt it was safe to maneuver these vessels and added that as the channel is widened the Houston Pilots would look at accommodating vessels up to 1,200'. Captain Thompson then added that the Bayport Flare was currently restricted to 43.5' of draft until the end of July when the Corps can begin dredging again and reemphasized that the Houston Pilots felt it was safe to accommodate vessels up to 1,120' as the channel stood today.

Vice-Chairman Garcia asked Captain Thompson if he had deliberated with the parties that were opposed to accommodating the larger vessels in the past and if they supported the request today. Captain Thompson responded that to his knowledge all parties supported the Houston Pilots request and explained that the restrictions being proposed today are more accommodating than they were back then (thanks to the experience the Houston Pilots have gained with larger vessels).

Commissioner Morrison asked for confirmation that two-way traffic would continue, to which Captain Thompson confirmed. Commissioner Hance enquired on the status of the Port of New Orleans being able to accommodate these larger vessels, to which Captain Thompson responded he wasn't sure the status of the Port of New Orleans. Captain Thompson proceeded to explain the economic benefits accommodating these large vessels would bring to the state of Texas (including bringing business from other congested ports). Captain Thompson then stated that safety was the primary concern of the Houston Pilots. Commissioner Keeney asked if all the pilots had agreed it was safe to move these vessels, to which Captain Thompson stated over 96% of the Houston Pilots had voted to accommodate the larger vessels. Conversation then ensued as to why there was not 100% Houston Pilots vote.

Commissioner Morrison then asked how far up the channel the 1,100' vessels would go, to which Captain Thompson responded they would stay below Morgan's Point. Vice-Chairman Garcia reiterated his concern of the parties that were previously opposed

to the larger vessels, to which Captain Thompson added that he had met with those parties and as long as the Houston Pilots keep their current restrictions in place he did not foresee any opposition to their request. Captain Thompson then detailed the current restrictions per Vice-Chairman Garcia's request.

Commissioner Keeney then complimented the Houston Pilots for their willingness to work towards accommodating the larger vessels. Vice-Chairman Garcia further complimented the Houston Pilots and highlighted how far things had come since the division seen when the statute was put into place.

Commissioner Beverly then enquired as to the background of the 1,100' cutoff and what the extra 20' would signify. Captain Thompson detailed that certain channel users were previously concerned of the restrictions the Houston Pilots put into place for meeting an 1,100' vessel. However, with the experience they gained the Houston Pilots felt they could now safely ease those restrictions. Captain Thompson then explained the Houston Pilots did not want to jump from 1,099' to 1,200' when the channel is widened and added that he felt it was important to take small steps and try to get this experience now while they can. Conversation then ensued about what size vessel an 1,120' vessel would be allowed to meet. Vice-Chairman Garcia then thanked Captain Thompson for his input and asked Captain Gavis to seek public comment.

Captain Gavis thanked the public for signing up on the speaker signup sheet and called upon Port Commission Chairman Ric Campo. Chairman Campo thanked the Pilot Board for the opportunity to speak and stated he would be glad to provide background on the 2019 legislation changes if needed. Chairman Campo then proceeded to provide an update on Project 11. He stated that he felt things were a little ahead of where Port Houston originally forecasted they would be and provided details about the plan going forward. Chairman Campo stated that he believed they would begin moving dirt in the fall of 2021 and proceeded to explain how it was made possible through industry partnerships. Chairman Campo next detailed the normal process and highlighted how Port Houston's investment had likely cut two years off of the timeline. Chairman Campo then added that the large containerships would not come to the Gulf if they couldn't stop in Houston and added that he felt opening up the rule would help open up the large vessels to the whole Gulf region. He then explained the many ways he felt accommodating the larger vessels would benefit the area.

Commissioner Keeney asked if calculations had been done as to what the maximum ship size the Houston Ship Channel could accommodate would be. Chairman Campo responded that they had and went into detail of those calculations and their challenges. Chairman Campo then added that Port Houston was already looking at Project 12 due to the growth curve the Port of Houston was currently seeing and the process ultimately being a 15-year process. Commissioner Keeney asked if Project 11

would target 1,200' vessels, to which Chairman Campo responded that looked to be roughly the target. Vice-Chairman Garcia asked Chairman Campo if Port Houston was supportive of the Houston Pilots request and if he was aware of any opposition to such request. Chairman Campo responded that Port Houston was supportive and that he understood the rest of industry to be as well. Chairman Campo thanked the Pilot Board. Vice-Chairman Garcia then thanked Chairman Campo for his and Port Houston's efforts during the transition to the new Pilot Board, to which Chairman Campo thanked the Pilot Board for all they were doing.

Captain Gavis next called upon Mr. Vijay D'Cruz, Senior Vice President – Legal, Enterprise Products. Mr. D'Cruz introduced himself and thanked everyone for their careful consideration to maintain two-way traffic. Mr. D'Cruz stated that if the current rules were left in place (the 310' combined beam, 85' combined draft, and 2,030' combined LOA rules) Enterprise's concern of being able to have their Supermax vessels meet the large containerships would go away. Mr. D'Cruz also added that Enterprise liked seeing that no preferential treatment would be given to the large containerships, and that they would wait in line just as any other vessel normally would. Captain Thompson reiterated that nothing would change with the restrictions and added with Suezmax vessels being daylight restricted, and several hours up channel of Bayport, they would likely not meet the large containerships.

Captain Gavis next called upon Captain Rich Russell, Head of Offshore and Global Lightering, AET. Captain Russell stated that he supports the Houston Pilots request and added that it allows his company to continue moving Suezmax and Aframax tankers as they would today.

Captain Gavis next called upon Mr. John Kueck, Senior Operations Manager, Maersk. Mr. Kueck thanked the Pilot Board and added that Maersk felt the proposed rule change would be very beneficial to the Port of Houston. Mr. Kueck then explained how the 2,030' rule would typically cause a 2-to-4-hour delay for his vessels. Mr. Kueck next explained that New Orleans would be ready to accommodate the larger vessels once they began calling upon Houston (noting that Houston is currently the limiting factor).

Commissioner Morrison asked how many Maersk ships typically come into the Port of Houston per week. Mr. Kueck replied that Maersk had one standalone service, one service split with Hamburg, and three other services that are split with MSC. Mr. Kueck stated that the delays they are seeing typically occurred twice per week. Mr. Kueck then explained for Vice-Chairman Garcia that a vessel was not likely to call New Orleans without calling the Port of Houston.

Captain Gavis next called upon Captain Marius Scintee, Regional Operations Manager, CMA CGM. Captain Scintee stated that he supports the Houston Pilots request

and thanked the Pilot Board for its consideration. Captain Scintee pointed out that only 1 of the 5 services CMA CGM would have into the Port of Houston would include the larger vessels. He then added that the change would include only one of the larger vessels per day and that would not be every day. He next stated that the next class vessel for CMA CGM is 1,102' and that bringing in such a vessel would not bring about any kind of change. Vice-Chairman Garcia asked Captain Scintee if he thought the new rule would keep things status quo, to which Captain Scintee replied he didn't foresee any significant changes. Captain Scintee then explained it would take several months before the larger vessels would start to come in and reemphasized the change for his company would only mean bringing in vessels 3' larger. Captain Scintee next detailed how bringing in more TEUs would benefit the port and how accommodating the larger vessels could take business away from the West Coast (which he stated has issues with delays from congestion) and distribute that business to several ports in the Gulf region.

Captain Gavis next recognized Mr. Niels Aalund, Senior Vice President of Maritime Affairs, WGMA. Mr. Aalund began by describing a dinner he had with a Director of another port in the Gulf who stated he did not see Houston as a competitor but a magnet that brings the ships to the Gulf. Mr. Aalund next stated if he was to guess more than 90% of his members would support the Houston Pilots request, if there was even any objection. He then commended the Board for working quickly to consider the request of the Houston Pilots, but explained the challenges such a quick turnaround provided him with in receiving feedback from his many members. He next stated he personally supported the request and had not yet heard any objections. However, he added he could not yet say his input was unanimous.

Vice-Chairman Garcia asked Mr. Aalund if he was aware of any objections. Mr. Aalund stated that he was not but added that he had not yet heard from all of the parties that were opposed in the past. Captain Gavis added that he had received an email the evening prior from Mr. Vincent DiCosimo, with Targa Resources and the Coalition for a Fair and Open Port, and had provided that email to all of the Commissioners in their briefing packets. Mr. Aalund asked if Captain Gavis could summarize the email. Captain Gavis stated that the email seemed to be in line with what Mr. D'Cruz voiced earlier and added that if restrictions were to stay the same as they were today he didn't read of any objection to the Houston Pilots request. Mr. Aalund thanked Captain Gavis for sharing his summary of the email. Vice-Chairman Garcia then read from the email, "this could be an excellent development and I am excited to see a resolution that works for all of us in the channel".

Vice-Chairman Garcia then acknowledged there had not been great notice of the first meeting and highlighted the Pilot Board's rationale that they had received what appeared to be unanimous support to move the consideration of the Houston Pilots request along as quickly as possible. Vice-Chairman Garcia then added that folks would

have the opportunity comment prior to the next meeting at 2 p.m. on June 28, 2021. Mr. Aalund acknowledged that he understood the Pilot Board's thought process and added the challenges he faced speaking on behalf of such a large group of companies. Commissioner Hance added that he believed the whole reason the statute required two meetings was to allow those that were not able to comment at the first meeting the chance to do so at the second. Commissioner Morrison added that comments could always be sent to Captain Gavis and that comments did not just have to come in at the meetings. Mr. Aalund then clarified his comment was not a complaint and thanked the Pilot Board.

Captain Gavis stated that was all that had signed up to speak and Vice-Chairman Garcia asked if there was anyone else that would like to speak, to which no one replied.

Vice-Chairman Garcia then asked if an Executive Session was necessary, to which the Board decided it was not. Captain Gavis next stated the next meeting/ hearing would be held Monday June 28, 2021 at 2 p.m. in the same venue, and online via Zoom. He added that the agenda would be posted shortly after this meeting concluded at HoustonPilotBoard.com, near the front door of the building, and distributed to WGMA for them to further distribute.

At 10:07 a.m., Vice-Chairman Garcia thanked everyone for a productive meeting and adjourned the Pilot Board meeting/ hearing.

The above is a correct copy of the Minutes of the June 18, 2021 meeting/ hearing of the Board of Pilot Commissioners for Harris County Ports.



Captain Reginald McKamie, Chairman



Captain M. Tyler Gavis, Secretary