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PORT OF HOUSTON DECLINES SUGGESTION TO ABANDON BAYPORT LOCATION FOR NEW TERMINAL

HOUSTON, February 1, 2002 – Port of Houston Authority Chairman James T. Edmonds has declined a suggestion by Galveston Bay Conservation and Preservation Association Chairman James Blackburn that the Port adopt one of two alternative sites in place of the Port’s proposed Bayport location for a new Houston area container terminal.

“Bayport is the right location for the Port’s proposed container and cruise terminal, environmentally, financially and socially,” Edmonds told Blackburn.

In a meeting on Thursday, Blackburn proposed that Spilman Island and Texas City would be better locations for the new container facility. Edmonds described both alternatives as impractical.

“There are a number of practical, and financial, reasons that Spilman Island cannot be developed at this time, including the fact that it would be an imprudent use of taxpayer money,” Edmonds explained. “It is a designated dredge disposal site for the next 50 years and would require tens of millions of dollars, and an unknown number of years, to bring it to a level where it could be developed. Right now, it is a bowl with a levy around it to capture the dredge material.”

As for Texas City, Edmonds said, “While we do believe that with the continued development of container shipping there will be a demand for more container berths than the Bayport Terminal will provide, there is a simple reason why the Port cannot built its development at that site – it is in Galveston County and our Harris County general obligation bond funds passed by the voters in 1999 cannot be used in Galveston County.”

“All of the ports in the U.S. Gulf face the same challenge – if we do not build added capacity, the ships will not come. We stand to lose jobs that will never return. This is not

something to be taken lightly, particularly today,” he concluded. “We continue to believe that recent site studies point to Bayport as the best location. We have a customer base that is ready to grow with this facility. And our commitment to the environment and neighbors is solid and unwavering.”

About the Port of Houston Authority

The Port of Houston Authority owns and operates the public facilities along the Port of Houston, a 25-mile-long complex of diversified public and private facilities that handle more than 175 million short tons of freight worth more than \$60 billion annually. The Port Authority plays a vital role in ensuring navigation safety along the Houston Ship Channel, a key economic catalyst for the city since the Port of Houston first opened to deep-water vessels in 1914. The Port is the source of more than 200,000 direct and related jobs and generates about \$525 million annually in state and local taxes. The Port of Houston ranks first in the U.S. in foreign waterborne commerce and second in total tonnage. Each year, more than 7,000 vessels from around the world call at the Port.

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